

NEWS: INTERNATIONAL

China softens stance on tests

Western diplomats yesterday welcomed China's signal that it was prepared to show "flexibility" in its demand for the right to carry out "peaceful" nuclear explosions...

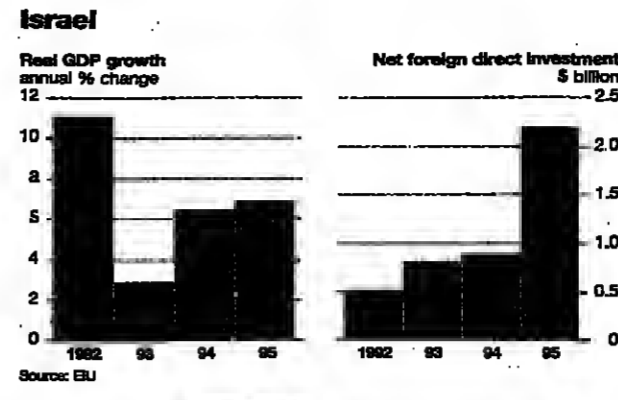
Business backs Peres in bid for peace dividends

Israel's captains of industry see a Labour electoral victory as vital for sustaining economic growth, writes Julian Ozanne

A recent advertisement by businessmen supporting the election campaign of Mr Shimon Peres, the Israeli prime minister, read like a roll call of Israel's most powerful industrialists...

pledged to radical liberalisation of the economy but his policies towards Arab neighbours would effectively lead to the collapse of the peace process...

'This time it is very crucial for businessmen to come out of the closet to support the Labour party and the peace process'



Benny Gaon: One of two dozen prominent businessmen who publicly backed Peres in the election campaign

Since 1982, the economy has grown by average 7 per cent a year. The opening of new markets has fuelled an even faster growth of exports at about 11 per cent a year...

US launches Internet programme for Africa

A five-year programme to improve access to the Internet, the global network of personal computers, in 20 African countries...

Details of the programme, estimated to cost about \$15m, are being finalised. Delegates to the telecoms conference said, meanwhile, that private sector investment in the communications infrastructure of the poorest countries could be achieved only by encouraging competition and removing obstacles to the free movement of information and capital.

crucial for businessmen to come out of the closet to support the Labour party and the peace process.

International broadcasters jostle for World Cup rights

An impressive list of international broadcasting and marketing groups have lined up to bid for the world broadcasting rights for the football World Cup finals in 2002 and 2006...

of the organisation's executive committee to consider the bids "carefully and discreetly, given that the amount at stake could run into thousands of millions of Swiss francs."

CONTRACTS & TENDERS

ANNOUNCEMENT
The Central Bank of the Republic of Armenia announces a tender for printing and supply of new type banknotes.

CROATIA
INVITATION FOR PREQUALIFICATION
CONSTRUCTION OF HIGHWAY ZAGREB - VARAZDIN - GORICAN SEMI-HIGHWAY SECTION POPOVEC - KOMIN, SUB-SECTION SV.HELENA - KOMIN

INTERNATIONAL NEWS DIGEST

Abu Dhabi in BCCI pay-off
The government of Abu Dhabi, principal shareholder in the collapsed Bank of Credit and Commerce International, yesterday paid \$1.65bn to the bank's liquidators as the basis of the long-awaited payment to creditors.

JP 110150

Canada keeps UK guessing on subs

By Bernard Simon in Toronto

Britain's defence secretary, Mr Michael Portillo, has failed to secure a deal to sell Canada cut-price second hand diesel-electric submarines during a visit to Ottawa.

Canada said it would keep open an option to buy the four Upholder submarines but the signs are that Ottawa is unlikely to go ahead with the C\$400m (US\$292m) purchase

for the time being. British officials have become increasingly frustrated at Canada's indecision after almost two years of discussion.

Mr Portillo said: "I don't know whether the file is open or closed, but what I know is that I'm going to do the deal with the first person who says 'snap'."

Canada's exclusive option to acquire the almost-new vessels expired last December. Since

then, the UK has entered negotiations with several other countries, including Portugal, Chile and South Africa. However, none has so far stepped forward with a firm offer.

The four Upholders, which cost almost \$1bn (US\$1.5bn) to build, were put up for sale after the Royal Navy opted for an all-nuclear submarine fleet in the early 1980s.

Canada has been toying for

some time with a replacement for its three 30-year-old Oberon submarines. Other Nato members have pressed Ottawa to buy the Upholders, which would allow Canada to maintain a significant naval presence in the alliance. The submarines would also be used for coastal patrols, including surveillance of disputed North Atlantic fishing grounds.

The UK has offered the submarines to Canada at what

it considers to be a bargain price, with payments spread over 10 years. Part of the cost would be paid in the form of training for Royal Navy submarine crews.

Mr David Collette, Canada's defence minister, is in favour of the deal. He has said the cost of the new submarines would be largely met by savings on operating and maintaining the ageing Oberon fleet.

However, Mr Jean Chrétien, the Canadian prime minister, has so far been reluctant to go ahead with the purchase, at a time when government spending in politically sensitive areas such as welfare and healthcare is being cut. In addition, the military is currently under intense scrutiny over incidents stemming from the UN peacekeeping mission in Somalia in the early 1990s.

Belarus finds role as duty-free back door

Acting as conduit for Russian imports has brought some colour to grey Minsk, writes Chrystia Freeland

Most of Minsk, capital of placid Belarus, is a grey throwback to the Soviet era, complete with massive statues of Lenin and bare shop shelves.

But one busy cafe, tucked away in the old city, is a stark exception: nearby streets are crowded with Mercedes and BMWs, most of them bearing foreign licence plates, and leather-jacketed men speak fiercely into mobile telephones while their Chanel-clad girlfriends sip cappuccinos.

Much of the buzz at this nouveau riche enclave is about one of the only thriving sectors of the Belarusian economy: the small Slavic state's expanding role as a duty-free corridor for importing western goods into Russia, which is joined to its neighbour by a customs union.

At a time when Russia, under pressure from international financial institutions, has officially sought to close tax loopholes, neighbouring Belarus' quiet emergence as Russia's tax-free back door is an example of the hidden financial motivations which often underlie politics in the former Soviet Union. Some local observers think the trade relationship is one reason why Russia is seeking to form a union with Belarus, despite the likely political and economic costs of merging with the impoverished republic.

In the early, chaotic aftermath of the collapse of the Soviet Union, Russian importers could avoid stiff duties and tariffs without resorting to a Belarusian corridor. A series of nobly named Russian organisations, ranging from the Society for the Deaf and the Afghan Veterans' Association to the more recently active National Sportsman's Fund (NFS), were granted the right to import a wide range of goods duty-free.

The official justification for the government's largesse was that the tax breaks would help finance worthy causes the

state could no longer support. But domestic and foreign critics, including the International Monetary Fund, attacked the schemes as a way of enriching government cronies.

The import privileges - which became the main conduit for many imported consumer goods - also came under fire as a drain on the cash-strapped Russian treasury's revenues, costing the government some Rb\$10,000bn (\$2bn), according to one recent estimate.

After a protracted battle between the liberal and hard-line factions in the Kremlin, Moscow last year formally abolished the system of "sub-



sidised importers", but not before paying more than Rb\$3,000bn in compensation to organisations hurt by the change.

But, indirectly, the Kremlin also created an escape route for the subsidised importers by entering last year into a full customs union with Belarus.

According to Mr Arkady Fitis, a Russian businessman who imports food into Russia, Belarus and Kazakhstan: "When they began to close the NFS we began to think of what else we could do... We found that it was very comfortable here in Belarus."

Belarus became comfortable

for importers last year thanks to Mr Alexander Lukashenko, the country's maverick president, who decided to follow his neighbour's example and create his own system of duty-free imports.

Last November he signed a presidential decree, stamped "not for the press", which granted Torgexpo, a Belarusian company, the right to import a wide range of goods without paying regular duties and import tariffs.

The next day Torgexpo signed a contract with Union Distribution, an Isle of Man registered company, to buy some \$500m worth of various foods, alcohol and consumer goods. To date, according to Mr Lukashenko, some \$72m worth of goods has been imported through Torgexpo, yielding \$16m for a special "presidential fund" which supports cultural and athletic projects.

Western observers, opposition politicians and some businessmen involved in the scheme allege some money was also funnelled to Belarusian officials through offshore bank accounts, but Mr Lukashenko strongly denied this.

This spring, however, the Torgexpo system began to break down. Some 500 train wagons of vodka, meant to be transported to Russia through Belarus, were stopped by local authorities and Torgexpo has stopped taking new commissions.

Mr Lukashenko said the bottleneck was created because some businessmen tried to import goods into Russia duty-free, without giving the Belarusian government its share of the profits.

"Some of the businesses - the swindlers - tried to get around me. So I went and arrested 500 train wagons," Mr Lukashenko said. The Belarusian leader said the businessmen owe the president's special fund "\$3m, not much" and that "until they pay their debt to

the last kopek" he would not release their cargoes.

But several businessmen involved in the trading scheme tell a different story. They said the shipments were stopped by Russian authorities, incensed because Torgexpo was not sharing its revenues with Russian special import funds.

But both businessmen and politicians said they were hopeful a new subsidised importer would soon appear to take Torgexpo's place.

Mr Lukashenko complains that Russia, his closest ally, does not always treat Belarus fairly on the delicate issue of import privileges. He said Russia, despite its formal pledges to end the practice of subsidised importers, continued quickly to grant some organisations the right to import duty-free.

Moscow newspapers say one beneficiary is the Russian Orthodox Church, and a businessman at the chic Minsk cafe said earlier this month that he was organising a shipment of cigarettes brought in duty-free through the church.



Alexander Lukashenko: signed decree granting duty-free import rights to Belarus company

WORLD TRADE NEWS DIGEST

Airports face super-jumbo bill

Airports will have to spend more than \$100m on modifying runways and taxi areas to accommodate the new generation of 600-seater "super-jumbo" aircraft planned by manufacturers, according to Airports Council International. The council, which represents 430 airports worldwide, said boarding bridges would have to be moved and extra baggage handling systems, customs, immigration and security facilities installed.

Boeing and Airbus are both planning to build large aircraft early next century. The council said introduction of the new aircraft would lead to a reduction in airport capacity, as airports would have to increase the intervals between landings to avoid the wake turbulence that the large aircraft would cause.

Michael Skopniker, Aerospace Correspondent

Suzuki raises Hungarian stake

Suzuki of Japan said yesterday it would increase its stake in a Hungarian joint venture, Magyar Suzuki, from 49.9 per cent to 77.7 per cent to boost its presence in the European car market. Magyar Suzuki is a joint venture between Suzuki, Auto Konaern of Hungary and Itochu, the Japanese trading company. The Hungarian government will keep its 2.8 per cent stake in Magyar Suzuki.

In the first year of operation, Magyar Suzuki produced 3,500 units of the Swift model, a small 1,000cc-1,600cc car based on a Japanese model called the Cultus. Production has since increased to 43,000 units last year and Suzuki expects to make 50,000 in the year to March 1997.

The joint venture company, which exports much of its production to western Europe, has about 18 per cent of the Hungarian market.

Michiyo Nakamoto, Tokyo

Danang resort venture at risk

The largest approved US investment in Vietnam, a \$234m joint venture tourist resort at China Beach on the central coast, is in jeopardy because of financing difficulties. A senior Vietnamese member of the joint venture board said yesterday that the US investors would have to come up with \$2m by tomorrow or risk having the resort's licence revoked.

Maryland-based BBI Investment Group, backed by private investors in the US, was supposed to have paid the first \$2m of a projected \$24m investment by last September.

It received a licence to develop the area in 1994, but has run into trouble over financing since then. BBI has a 67 per cent stake in the venture, with the local tourist authority holding the rest. The project includes a hotel and luxury villas on the beach at Danang, a coastal town favoured by US soldiers for recreation during the Vietnam war.

Jeremy Grant, Hanoi

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The image shows a central graphic for Lucent Technologies. It features a circular logo with a thick black border and a white center. To the left of the logo, the text reads: **Lucent Technologies**, *Bell Labs Innovations*, Hilversum, The Netherlands, +44 1734 324 255. Below this is the slogan "We make the things that make communications work". Five lines with labels point to different elements: "new company" points to the company name, "new logo" points to the circular logo, "new name" points to the company name, "new color (red)" points to the circular logo, and "new number" points to the phone number.

(former systems and technology businesses of AT&T, plus Bell Labs, with 125 years experience in making the things that make communications work)

BUSINESS AND THE ENVIRONMENT

There is a traffic jam on the single dirt track snaking down from the Nakai Plateau in the highlands of central Laos. Hundreds of logging trucks, laden with freshly cut pine...

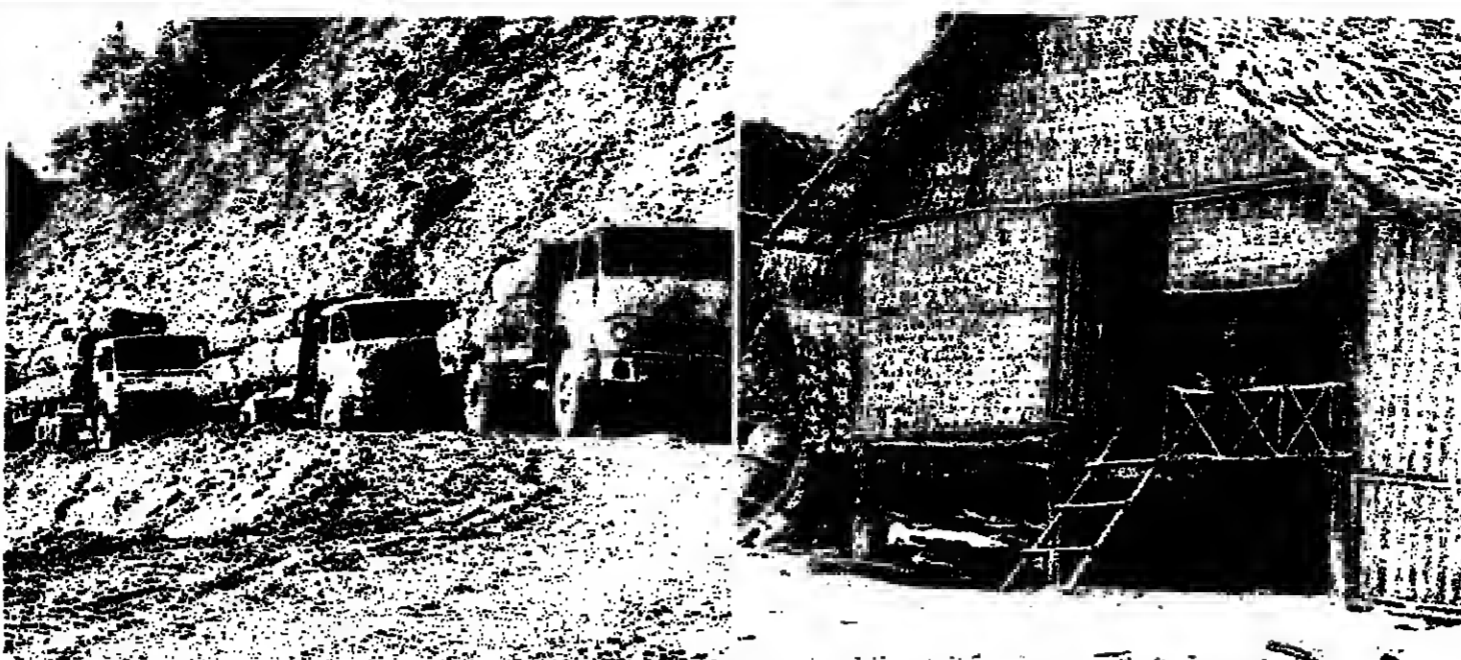
An equal number of empty trucks are grinding their gears back up the hill to fetch another load of trees being cleared from a 447 sq km area slated to become a huge reservoir if the \$1.2bn (£780m) Nam Thuen II hydroelectric project is built.

Like big dam projects all over Asia, Nam Thuen II is caught up in other big dam projects which the government sees as an easy ticket out of grinding poverty...

Yet despite all the logging activity, Nam Thuen II still has many hurdles to cross before the consortium of Transfield of Australia, Electricité de France, Italian-Thai and Phatra Thanakit of Thailand...

But these other dams benefited from government subsidies and guaranteed loans. Nam Thuen II has private investors taking on most of the risk. "Together with the French, our exposure is going to be \$70m which is more than our net worth," says David Iyerach...

Without World Bank guarantees, financing costs will be so high and export guarantees so difficult to obtain that the project would not generate the returns the developers



On all sides there are both supporters, who see the dam's potential income, and sceptics, who worry about the effects on the local people and ecosystem

Laos dam in a logjam

Plans for a big hydroelectric project face several hurdles, says Ted Bardacke

warn that these attention-grabbing numbers are too optimistic. Large dams are usually subject to cost overruns and the brown waters of the Mekong are a sign that silt problems will eventually lower electricity output...

For some officials at the World Bank this is reason enough to support the dam. "If we don't help out, the Lao will be forced to turn to others who won't give them a very good deal, either economically or environmentally," says one senior bank official.

Developers say World Bank involvement would also give Nam Thuen II environmental and social legitimacy. "People would know that we are following international standards if we have to meet the bank's standards on things like environmental impact and relocation," says Iyerach.

But to many environmentalists, the idea that World Bank involvement somehow ensures the reputation of a dam developer is ludicrous. Just across the Mekong in Thailand, the Pak Mun Dam, completed in 1984, was supposed to be a model World Bank-assisted project...

are seeking. Higher costs would force the Lao government to reduce its stake in the project, thus upsetting the delicate balance between public and private gain that the developers have crafted.

"This project is a way to bring resources and management expertise into the area," says Alan Rabinowitz, Asia director of the Wildlife Conservation Society, who led a survey of the reservoir and catchment areas paid for by Nam Thuen II developers.

The survey uncovered important populations of new or recently discovered mammal species, including the giant barking deer, the yellow pig, the saola - a shaggy brown and white deer "discovered" in 1992 - and several undescribed types of small bird.

These wildlife populations are under a lot of pressure right now - some will be extinct in the near future - and to protect them the Lao need money," he says. Some environmentalists opposed to Nam Thuen II, including the International Rivers Network, admit that with logging continuing unabated, much of the immediate environmental battle has been lost.

At the moment, sceptics within the bank appear to have the upper hand. Last year, after a 15-member team visited the dam site, bank staff outlined in 34 pages what would have to be done before Nam Thuen II would even be formally considered by the bank.

Among the requirements, the Lao government must undertake a study of alternatives and prioritise other electricity-generating options, which might include abandoning the hydropower dream altogether in favour of sourcing electricity from within Thailand.

So far, Lao authorities have balked at this and the other undertakings asked for. They remain fully committed to Nam Thuen II, other hydropower projects and logging, as they wait for someone finally to build the dam.

John Griffiths on two devices that may make recycling cars easier

Picking out plastics

One of the most intractable problems of scrapped car recycling - how to identify the plethora of plastic composites now used in vehicles' construction - has moved a big step closer to solution as the result of work by Ford and Southampton University.

They have jointly developed two devices, working on separate principles, which can identify more than 200 types of plastics within seconds.

In conjunction with identifying marks increasingly being introduced on different composites at the production stage, they should allow the motor industry to make significant reductions in unrecyclable automotive waste, the two parties maintain.

"Although many plastics look alike, just 1 per cent of an incompatible plastic can be enough to ruin an entire batch of recyclate," according to Walter Brandstetter, Ford of Europe's director of environment and safety.

Neither the technology nor the equipment is being kept within Ford. A contract has been given to Fluid Film Devices, a specialist engineering company based at Romsey, near Southampton, to manufacture the equipment for sale to third parties.

Agencies have already been set up in Germany, Austria, Australia and Canada and the

equipment is undergoing trials in North America. Ford said it intends that each of its 18,000 dealers around the world will be equipped with the cheapest version of the equipment to help in localised recycling.

As its name implies, one identifier, the Spectrometer, analyses the spectroscopic "fingerprint" of the material being examined. It then compares this with its own integrated database of more than 200 plastic types. Should it be of a new type not on its database, the composition of the new material can be quickly added to the database.

Whereas the Spectrometer is intended for larger scale applications, the second identifier, called Tribopen, is intended for hand-held use by car dismantlers. It works on the basis of tribo-electric charges which occur when a metal or plastic surface is rubbed against the part. A wide range of different beads for the pen cover all possible plastics used in the car's construction. It is this equipment, costing around £1,000, which Ford wants to see installed at dealers.

The larger-scale Spectrometer, aimed at the recycling industry itself, costs £30,000-£40,000. The equipment is being further developed to be able to identify foam and rubber compounds. It is also being tested by police forces for use in forensic investigations.



Ford wants to use the Tribopen plastic identifier installed at dealers

Advertisement for Andersen Consulting. It features a large, dark, abstract image of a forest or landscape. The text asks 'What shape is your business in?' and lists services like 'Strategy', 'Operations', and 'Information Systems'. It also includes the Andersen Consulting logo and contact information.

A vertical column of financial advertisements. From top to bottom: 'FUTURES & OPTIONS TRADERS' by Berkeley Futures Limited; 'FUTURES AND OPTIONS TRADING' by Union Futures; 'MARGINED FOREIGN EXCHANGE TRADING' by Union Futures; 'Futures & Options' by City Index; 'KNIGHT-RIDDER'S FUTURES MARKET DATAMAT FROM \$670'; 'WANT TO KNOW A SECRET?'; 'SPREAD BETTING ON OVER EIGHTY MARKETS' by City Index; 'Margined FOREX' by City Index; 'OFFSHORE COMPANIES'; 'Petroleum Argus Daily Oil Price Reports'; 'Futures, Options & Commodity' by NIPSPACE; and 'Market-Eye'.

A public notice from the Secretary of State under subsection 10(7) of the Telecommunications Act 1984. The notice discusses the granting of licences to run telecommunication systems under section 7 of the Act. It lists several conditions for the licences, including requirements for security, safety, and efficiency. The notice is dated 15 May 1996.

COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL Tel: +44 171-873 3000 Telex: 922186 Fax: +44 171-407 5700

Wednesday May 15 1996

A flight path for Airbus

Better late than never is the immediate response to this week's decision by European ministers responsible for Airbus that the consortium should be turned into a single company.

False move in SA

Mr F.W. de Klerk's decision to pull out of South Africa's government of national unity may have been done with the best of intentions.

Bank's warning

Perusal of the Bank of England's latest inflation report is unlikely to make the UK chancellor of the exchequer very happy.

buyers from the low-cost suppliers. Any restructuring needs to resolve these contradictions. One option would be to turn the Airbus partners into pure shareholders, which competed for contracts against all-comers.

Sunshine and barbecues

The clock ticks remorselessly on Britain's next general election. Those close to the nexus of power are beginning to ponder what fate has in store for them.

Sunshine and barbecues

Meanwhile, Roger Carrick, our current man in the Aussie High Commission, may not be too interested in returning to long summer evenings with little to do - one of his personal interests is "avoiding gardening."



Exotic but not for faint hearts

Dealing in the currencies of emerging markets has seen rapid growth as banks look for new opportunities in foreign exchange, says Philip Gawith

Until recently, only a few leading banks - including Citibank, HSBC Midland and Standard Chartered - could claim to have an established presence in the trading of emerging market currencies.

Underlying the increased trade in exotic currencies is the rapid growth of many developing economies. Whether they want to buy a factory or invest in shares, investors in an emerging market usually need to buy that country's currency first.

So demand for the currencies is limited. Third, emerging currencies are traded in relatively small volumes because they lack the "multiplier effect" associated with established currencies.

Table titled 'Exotic currencies' with columns: Domestic currency, Daily foreign exchange turnover (\$US bn), Gross regional product* (\$US bn), and Market capitalisation† (\$US bn). It lists various countries and their corresponding economic indicators.

O B S E R V E R .

Sunshine and barbecues

The clock ticks remorselessly on Britain's next general election. Those close to the nexus of power are beginning to ponder what fate has in store for them.

Wim's whim

So Wim Duisenberg seems to have decided that the presidency of the European Monetary Institute is big enough for him after all.

Just visiting

Don't waste your time at school if you want to become a professor - just get yourself elected prime minister first.

Finally departed

Among the many distinctions of the late Nnamdi Azikiwe, or 'Zik', as Nigeria's first president was fondly known, was being able to read his own obituary six years before he died.

100 years ago

The Rhodesia Rising. Bulawayo, 12th May: A strong column left yesterday for the Shanghai in order to meet Mr. Cecil Rhodes, who should arrive here in about ten days' time.

Valiantly does it

Emboldened by the South African rand's rally off recent lows, Trevor Manuel, the new South African finance minister, boasted yesterday to parliament that "this deemed crisis I assure you will soon pass".

50 years ago

Motor Shares Firm Again. Motor shares were again firm yesterday on the expectation of increases in the prices of popular makes of cars following the increase announced by the Austin company.

Financial Times

Handwritten note: J. P. M. 1350

150/11/96

THE NEW SEVERN BRIDGE

The new highway, on the UK's longest bridge, over the Severn estuary will help to boost the economic fortunes of south Wales and the west of England, writes Roland Adburgham

Wales and England narrow the gap

The new bridge connecting the west of England and south Wales, to be given a royal opening on June 5, is destined to become one of the UK's finest man-made landmarks.

Some structures augment the landscape and the spectacular £30m bridge over the Severn estuary demonstrates the point. Visitors already flock to admire its cable-stayed main span and the approach viaducts which curve like stepping stones across the Severn estuary. The overall length of three miles (5km) makes it the longest bridge in the UK.

Bridges are symbols as well as structures and, by being a national focus of attention, the new crossing should raise the profile of the surrounding regions. It is the most important piece of infrastructure to be created there since the first Severn bridge was opened 30 years ago.

The first crossing helped to attract a chain of industries along the M4 motorway in south Wales, enabling the economy to move from its historical reliance on coal and heavy industry. Today, the M4 stretches from London to beyond Swansea. The regional capital of Bristol in the west of England and the Welsh capital of Cardiff are less than an hour apart.

The first bridge, though, was not designed for the remorseless rise in traffic to more than 19m vehicles a year. The contract to build the second crossing, three miles downstream, was won by the consortium Severn River Crossing - Laing and GTM Entrepote, the contractors; BZW, the Barclays' investment bank; and Bank of

VITAL STATISTICS

Overall length	5,168 metres
Main bridge	948 metres
Main span	456 metres
Height of pylons	137 metres
Navigation clearance	37 metres
Number of caissons	37
Volume of concrete	450,000 cu. metres
Weight of reinforcing steel	50,000 tonnes

CONTENTS
Page 12 of this survey describes the building of the bridge. Articles on other pages discuss the regional and urban impact, and effects on tourism, transportation, property, retailing, and the environment, and the performance of the first Severn Bridge.

Production editor: Maurion Samuelson
Page design: Frances Townsend
Graphics: Robert Hutchison

America. Construction began four years ago and it has been built to time and budget. SRC's concession runs for up to 30 years to finance, operate and maintain both bridges out of toll revenues - currently £3.80 for a car to enter Wales (it is toll-free eastwards).

About 70 per cent of estuary traffic is expected to be carried by the new bridge, to which the M4 is rerouted (the motorway over the first suspension

bridge is renamed the M48.) Distances will be slightly shorter and the great increase in traffic capacity should cut queues. The second crossing has three lanes each way and 13 toll booths, compared with the existing two lanes and eight booths.

In addition, a windshield will prevent the traffic restrictions during gales which bedevil the first bridge. The reduced risk of delays will, it is hoped, provide less incentive for trucks to avoid tolls by diverting to unsuitable roads through Gloucestershire.

The approach roads on the English side, for which the Highways Agency is responsible, are only two lanes in each direction and, in due course, this may be seen as short-sighted planning. Their construction is on a tight timetable to meet the June 5 opening. The new M49, which links with the M5 south of the bridge, will not be ready. It is contracted to be finished by end-June.

For Wales, the value of faster east-west communications is shown by a recent study by Cardiff Business School of the upgraded A55 across north Wales. The study concluded that the road had created jobs, reduced transport costs, attracted firms and speeded access to suppliers and customers.

"The economic and social effects of the A55 improvements are much wider than just on manufacturers and distributors," it said, quoting tourism as an example.

"North Wales," the study added, "now faces the positive challenge of becoming a fully integrated part of the UK econ-



Looking across the Severn Estuary from one of the new bridge's 137-metre high pylons

omy and, by extension, a full part of the European economy of the 21st century."

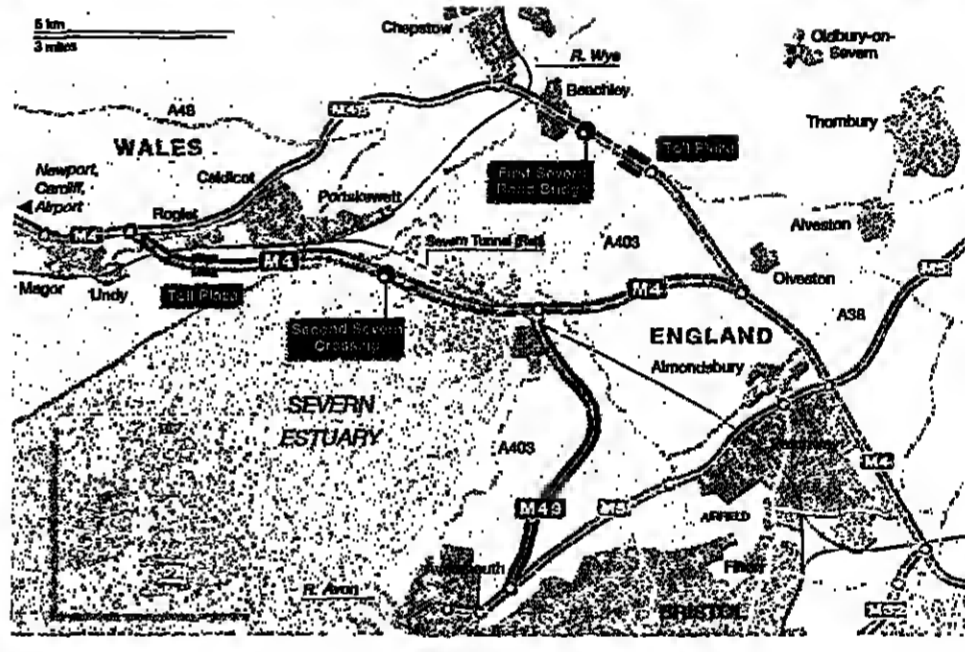
For south Wales, the second crossing enables that process, initiated by the first bridge, to be accelerated. A report in 1992 by the consultancy Pleda for the Welsh Development Agency predicted: "Possibly the greatest impact of the new crossing will be in the boost it could give to investment opportunities in south Wales." Almost as important as journey time savings would be that "it will change people's perceptions of crossing the estuary."

That factor - the impression, more than the actuality, that it will be quicker to reach south Wales - should counter the disincentive of tolls and encourage investment all along the M4 corridor. Welsh valley towns,

too, are hoping it will become easier to lure businesses north of the motorway.

While south Wales stands to gain most, the west of England is also confident of advantages. A survey of chief executives by Burges Salmon, a commercial law firm, for Bristol Chamber of Commerce & Initiative found 82 per cent considered the bridge to be beneficial for businesses, with more than a quarter expecting to increase their own trade with Wales.

The expanded motorway network provides access to large development sites adjacent to the M49 link road and near to the thriving Bristol port. Hard by is Cribbs Causeway, a regional shopping and leisure centre now under construction. Industrial, distribution and business parks along the M4



Continued on next page

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THE NEW SEVERN BRIDGE 3

TRANSPORT OVERVIEW: by Charles Batchelor

Wales draws closer to Europe

Changes in rail, air and road travel are helping to ease the geographical isolation of Wales

The widespread view that south Wales is a difficult place to reach will be weakened by the new Severn Bridge, which is designed to carry traffic in all weathers. That, at least, is the hope of local authorities and other organisations involved in the economic regeneration of the region. But while an improvement in road links with the rest of the UK is important, it is only one facet of the transport infrastructure of south Wales and the south west of England. Rail, air and sea connections also have a significant role to play in the success of the local economy. Passenger rail links with London and the rest of the UK are undergoing change as part of the privatisation of British Rail. Great Western services between Fishguard, Penzance and London were among the first to be franchised to the private sector. A combination of Great Western's management and the FirstBus group took over in February.

Most existing services have been guaranteed and the company is looking at the possibility of splitting some of its high speed trains, which currently have eight coaches, into four-coach groupings, to increase frequencies. Train interiors are to be upgraded and Great Western is also considering introducing tilting trains. This would allow it to reduce journey times without the need for costly investments in straightening the track. Coaches have been allocated in both first and standard class on trains to allow business people to work quietly without the disturbance of mobile phones and personal stereos. Special facilities for families have been promised in the next few months. Two more franchises, for the South Wales & West company and the Cardiff Railway company, were offered in March and initial bids must be made by June. These two companies are very different: SWW operates over more than 1,500 miles between Cardiff, Manchester, Penzance and Brighton while Cardiff has just 86 route miles in the Cardiff valleys to destinations such as Rhymney and Merthyr Tydfil. The long-term impact of rail privatisation is still unclear. Its critics fear it will lead to a

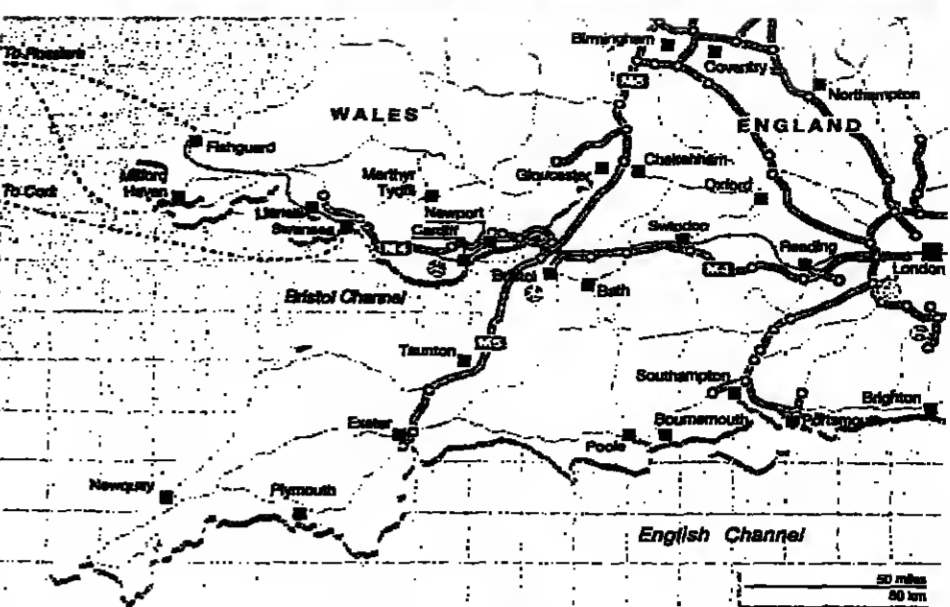
fragmentation of rail services and a decline in quality. The managers who are taking over the new lines say that by concentrating on their own local market place they will be able to provide a better service for travellers. Rail freight links between the region and the rest of the UK are the subject of some controversy. Shipments of heavy cargoes such as steel and coal are well established but "intermodal" shipments - involving transferring containers between trucks and trains - are poorly served. A decision on a new intermodal rail terminal to connect with Channel tunnel services has been long delayed although the government came down in favour of a site at Wentloog near Cardiff in April. Improving international rail links and the spread of high-speed rail services are beginning to provide tough competition for the airlines over short-haul routes. But air links remain an important symbol of a region's credibility for many local businesses and prospective inward investors. Cardiff Airport was acquired from the three county councils which were its original owners by TBI, a property investment group, in March 1995. TBI, which had no previous experi-

ence of running airports, has since announced plans to spend £20m over the next four years on improvements. Eighty per cent of the airport's passenger traffic is accounted for by charter flights while scheduled carriers are principally British Airways Express, Manx Airlines, and KLM, the Dutch airline. The

Further improvements will be needed to make the network fully fit for the 21st century

main destinations served include Belfast, Dublin, Glasgow, Brussels, Paris, Amsterdam and Jersey. Ryan Air added a Dublin service this month. TBI wants to expand international and domestic scheduled services as well as the tour business. It is also pressing for an improvement in road links between the airport and Cardiff. Across the River Severn Bristol Airport has faced a

period of uncertainty while a decision was taken over a proposal to develop British Aerospace's airfield at Filton, north of Bristol, into a commercial airport. Last March, the government backed the recommendation of a planning inspector, who headed a public inquiry, to refuse permission. BAE is appealing against the decision. The business community had supported the BAE proposal on the grounds that Bristol lacked a well-located regional airport but local residents had opposed the plan. Filton is close to the M4 and M5 motorways and the main rail line to London and South Wales. The existing Bristol Airport, south of the city at Lulsgate, suffers from poor access and diversions caused by bad weather. The decision on Filton means that Bristol Airport, which is owned by the city council, can go ahead with plans to spend £17m on doubling capacity of its terminal to 2m passengers a year. The airport handled 1.6m passengers in the year ended March 1996. Airports and rail terminals may be poised for further growth but the sea ports of south Wales have been hit by declining coal shipments and



the shift in UK trade from its Atlantic to its European ports on the east coast. With the exception of Milford Haven, which is dependent almost entirely on oil shipments, the main ports of south Wales are owned by Associated British Ports, ABP, which operates a total of 22 ports around the UK, owns Newport, Cardiff, Barry, Port Talbot and Swansea. These ports handle a variety of products and produce including animal feeds, steel slabs, tropical fruits and timber. Newport is developing its ani-

mal feeds business to compensate for the loss to Tillybury of timber shipments from Canada while recent investment by British Steel in its Llanwern steel mill has boosted cargoes of steel slabs. Swansea, meanwhile, has made a speciality of containerised coal shipments. But some observers feel that the changing patterns of trade and the decline of coal mining and heavy manufacturing have left south Wales with too many ports. The region might be served by just two, Lloyd's List, the shipping newspaper, suggested in a recent review.

The present redevelopment of Cardiff Bay could be extended to other areas of docks, allowing for cargo-handling to be moved away, it said. Barry docks are also in the centre of the town and could provide land suitable for other property developments. The completion of the second Severn crossing marks an important step forward for the economy of south Wales and the south-west. But further improvements will be needed if the region is to have a transport network fully fit for the 21st century.

HOW IT WAS FINANCED: by Andrew Adonis

For whom the toll pays

Motorists, rather than taxpayers, are providing the cash for the privately financed project

The Second Severn Crossing is a flagship project for the Private Finance Initiative (PFI), the government's policy for boosting the role of the private sector in state-sponsored investment.

The core principle of the PFI is simple: that the private sector should take responsibility for financing and managing infrastructure to a specification agreed with the public sector. This implies not only private funding and management, but a significant transfer of risk from the state to the private operator.

In other words, PFI is an extreme form of contracting. It is almost pointless to attempt to define it further, given the wide variation between different types of PFI project. In the case of prisons, hospitals and roads, for instance, most of a contractor's revenue comes from the government or its agencies (like health service trusts) through complicated arrangements of charges related to volume and performance.

The Severn Crossing, by contrast, has a large private revenue stream and involves no payments by the public sector. All the revenue comes directly from motorists via tolls. The government's role is threefold: it awarded the initial contract; it has enforcement powers in case of default; and it regulates the income of the winning Laing-GTM consortium through a cap on toll levels related to the retail price index and a further cap on the total revenue the consortium can make over the 30 year concession.

The Treasury highlights the transfer of risk from the public to private sector as critical to the PFI. A subtle shift has taken place from an early emphasis on shifting "maximum" risk to transferring "optimal" risk.

Mr Jim Armstrong, Laing's finance director, believes the risk transfer was "based on the right principles - seeking to transfer to us risks which we can manage". Laing-GTM took on traffic volume risk, but the government bore risk of ensuring that connecting roads were provided on time, and agreed that the consortium's revenue entitlement would be suspended if future legislation or taxation affected it adversely.

However, neither Laing nor its financial advisers extol the Second Severn Crossing as a model PFI project. Mr Armstrong complains that the contract is "far too inflexible", with its tight revenue caps. He says: "I would far rather the government was acting as an equity partner and making joint decisions with the private sector on pricing policy when fundamental changes to base case assumptions occur."

In effect, Mr Armstrong wants to see a radical recasting of the public-private relationship inherent in the PFI concept. Under the current regime, as reflected in the Severn Crossing, the public sector takes no part in the financing

of the venture it sponsors, but instead contracts for the provision of a service and acts as an arm's length external regulator. By contrast, Mr Armstrong wants to see the government act as a minority partner in the financing of the project, with appropriate representation on its board, and stand back from highly prescriptive regulation, particularly of tolls. Under such an arrangement there need not be a fixed concession length.

"We have a straitjacket on all these projects at the moment, which serves the government badly if it wants a dynamic market for PFI contracts," says Mr Armstrong. "At the moment the growth potential is severely constrained."

Mr Chris Elliott, managing director of structured finance at EZW, the investment banking division of Barclays, who advised on the project, develops the "straitjacket" theme. Under the Severn contract, a franchise is awarded to "Severn River Crossing plc", an operating company with four shareholders (Laing and GTM with 35 per cent each, Bank of America International Finance Corporation with 15 per cent, and EZW with 15 per cent). The franchise is not transferable to any other entity.

Mr Elliott believes the inability to transfer contracts will inhibit the growth of a "PFI operating sector" because of the requirement to have a separate, free-standing venture for each project, irrespective of size. "This is a significant disincentive to the development of an effective market in PFI companies."

Mr Elliott believes the main ingredients of the PFI are now stable, but as the number of PFI contracts rises sharply, "it will look increasingly odd to have a patchwork of small free-standing operators in each sector unable to merge or transfer their undertakings."

This raises two wider issues. Sector by sector, the PFI is forcing the creation of new types of commercial venture to undertake the combined construction, operating and financing dimensions to PFI contracts. As markets develop, will a consolidation of operating companies take place so that, say, there are three or four principal operators of toll bridges and roads?

Such consolidation appears inevitable. The question is how it will come about. In the case of new contracts, the prospects are clear enough, since the "streamlined" market of consortia will be the only ones bidding. But the implications for the contracts already agreed are uncertain - and that may include the Severn Crossings, which is one of the earliest.

Then there is the issue of financing PFI projects. Until now, most of the finance has been in the form of debt, with little equity. As operating consortia become bigger and better established, the proportion of equity might be expected to rise. But few in the City are prepared to estimate how fast this process will advance. The PFI is still in its early days, and it is far from clear how it will evolve. Not least of the uncertainties is the possibility of a change of government.

Advertisement for the Welsh Development Agency (WDA) featuring large numbers '9,000' and '50%' representing new jobs created and investment success. Includes text: 'Of the 9,000 new jobs created in Wales last year through investment, nearly 50% were created by companies investing again. Well, success does breed success.' and 'Wales Best Business Climate in Europe'.

4 THE NEW SEVERN BRIDGE

■ TOLL BOOTH TECHNOLOGY: by Charles Batchelor

Alarm bells over a costly precedent

Rows over tolls on the first Severn bridge may influence future UK road policy

Sharp increases in the level of tolls charged to cross the Severn Bridges have prompted many drivers to divert to other less suitable roads and have started a heated discussion about the merits of charges on river crossings.

The controversy over the Severn tolls may well have influenced the broader debate over the wisdom of government plans to introduce electronic tolling across the 1,700-mile motorway network. Political sensitivities combined with unexpected technical complications have led to the introduction of tolling being delayed.

Tolls on the Severn Bridge increased fairly sharply after April 1992 when Severn River

Crossing (SRC), the private sector consortium building the second Severn crossing, took over responsibility for the bridge. Tolls had been payable both ways across the bridge but the new owner began collecting them only on the westward journey into Wales.

Matters were made worse in 1993 when discounted pre-paid vouchers were withdrawn and replaced by "trip passes" and vehicle tags. Hauliers resented these two schemes because they required payment in advance and they did not provide discounts for multiple journeys.

The result was that 2,500 west-bound drivers a day diverted through Gloucestershire to avoid the tolls although toll-free return journeys to England were made across the bridge. About 1,000 vehicles which chose other routes were heavy trucks, according to a study by the Highways Agency.

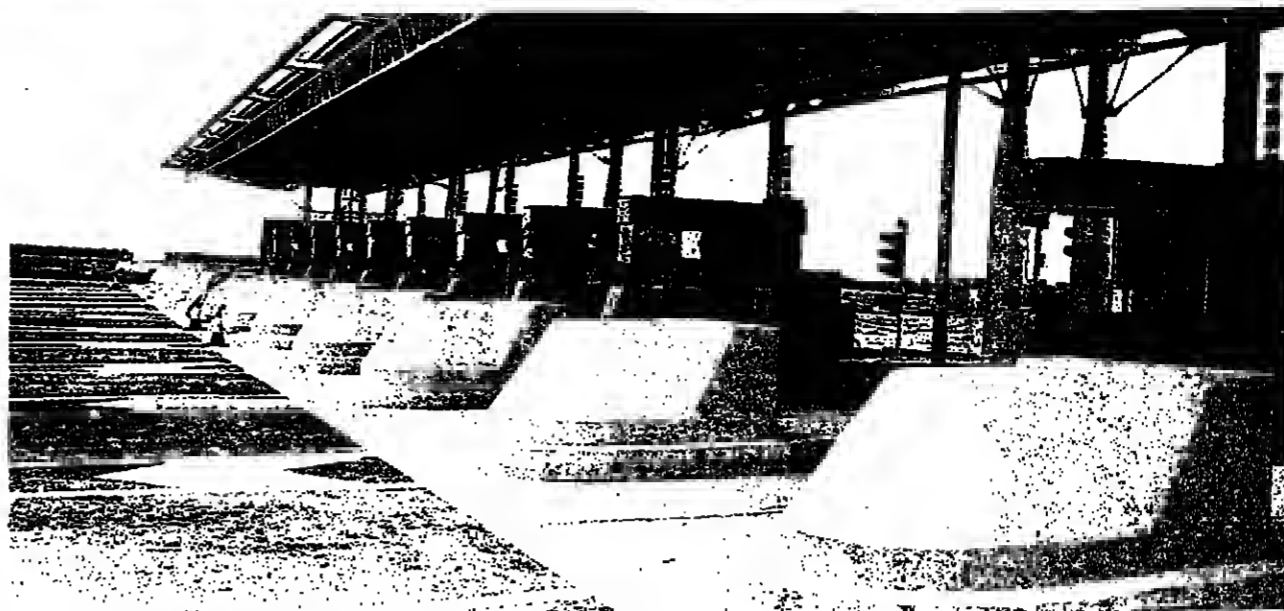
Reintroducing a 10 per cent

discount for multiple journeys would persuade many drivers back to the bridge and could even boost revenues by generating additional traffic, according to a study by Cardiff Business School for the Freight Transport Association and the Road Haulage Association.

The two associations hope to bring pressure on the government to persuade SRC to reduce its charges but they acknowledge that there are limits to ministers' influence on a private sector company.

The government does not appear to be susceptible to arguments that bridges and tunnels are as much a part of the road system as any other stretch of tarmac and that specific payments to use them are anomalous. The opposite is the case. The government appears now to be set on charging for large parts of the roads network, though it has not decided precisely how.

Plans first announced in 1993 for a system of electronic



Toll booths on the new Severn bridge: the motorways may be next in line

charging for motorways have been thrown into disarray by the withdrawal of half of the eight companies which were originally selected to take part in trials.

They have withdrawn because they do not now believe that electronic tolling will be introduced in the near future while the government expects them to bear an inordi-

nate share of the costs. Some believe that it would make more sense gradually to extend the tolling systems in place on bridges and tunnels instead of devising a completely new system from scratch.

The government is looking at systems which would register the passage of a vehicle and either deduct a charge from a smart card behind the vehicle's

windscreen or record the journey for billing later. It is comparing systems which work by microwave, infra-red and global positioning satellite technology.

The government insists that it is pressing ahead with its plans but plans for trials on the Transport Research Laboratory's test track and in "live" conditions on the M3 motor-

way in Hampshire have been delayed for six to 12 months.

The problem lies in devising a system which can deal with the busy traffic conditions on Britain's motorways without slowing traffic. Obtaining sufficient accuracy is also important so that drivers do not avoid paying or are charged in error when they have not made a journey.

Parliamentary way to raise cash

When the first Severn bridge was envisaged, it was to be funded by the government as part of the trunk road network (writes ROLAND ADBURGHAM). But in 1965, when it was close to completion, the Severn Bridge Tolls Act established the right of the government to charge tolls to cover the construction and maintenance costs.

In 1992, when Severn River Crossing took over responsibility for the bridge, the toll was £1 for cars and £2 for heavy goods vehicles. SRC changed the tolling regime to levy the tolls in the westbound direction only, and charged £2.80 for cars and £8.40 for trucks.

Today, the toll - which will be the same on the new bridge - is £3.50 for cars, £7.70 for small goods vehicles, and £11.50 for heavy goods vehicles.

The formula by which SRC levies the tolls is stipulated in the Severn Bridges Act 1992. Since January last year, SRC has been restricted to annual increases of not more than the rate of inflation. This will remain the case for the remaining years of the company's 30-year concession.

■ GEOGRAPHY: by Roland Adburgham

Ice Age left a watery legacy

Since the dawn of history, the estuary and the Bristol Channel have been a barrier to travellers

Those who complain about the stiff tolls on the Severn bridges might reflect that had they crossed the estuary by ferry 200 years ago with a coach and two horses, the fee would have been 12 shillings (60p). For a man and his horse - perhaps the nearest equivalent to today's motorist - the cost in the 1700s was one shilling.

For that, the horseman could have hired a farm labourer for a day, or downed eight pints of strong ale. Today's car toll of £3.80 would merely purchase a couple of pints.

If one had made the journey 10,000 years ago, there would have been no need to pay - because what became the Severn estuary was then a dry valley. From its source in the Welsh mountains, the Severn originally ran northwards to join the river Dee. The Ice Age blocked this channel and, eventually, the impounded water overflowed southwards to take its present course.

The estuary and Bristol Channel then became almost as divisive as the English Channel in shaping the contrasting character of the people on either side. The estuary's extreme tidal range and ferocious currents made the crossing hazardous and, for centuries, this acted as a cultural and economic barrier, fostering rivalry that still exists.

Cross-channel trade, however,

began at least as early as the Iron Age. The Silures, a Celtic tribe which dominated south-east Wales, established a fort at Sudbrook, near the Welsh side of today's second bridge. When the Romans came and subjugated the Silures, they are believed to have run a ferry to service their garrisons at Caerwent and Caerleon.

Proof of a ferry in the Middle Ages between Aust and Beachley - where the estuary narrows and on the site of today's suspension bridge - is found in the charters of Tintern Abbey. That ferry became known as the Old Passage after a second service, called the New Passage, was set up in competition. To summon the ferryman from the other bank, waiting passengers are said to have lit bundles of straw.

In 1823, the Scottish engineer Thomas Telford was appointed to improve the mail routes and he built a stone pier for the Old Passage. Research by the former Gwent county council discovered that the ferry, in one four-month period, carried 7,204 passengers, 502 carriages, 30 wagons and carts, 1,387 horses, 673 cattle and 5,181 pigs.

Telford - who designed the Menai Straits bridge in north Wales - is given credit for first proposing a suspension bridge between Aust and Beachley. That plan came to naught. Instead, the next local transport improvement was the Gloucester and Sharpness canal, which opened in 1827 and made Gloucester an important inland port.

Meanwhile, coastal vessels were



Journey's end: remains of a 13th century boat, possibly used for carrying iron ore, raised from the estuary mud near Magor Pill in Gwent

regularly plying across the Bristol Channel. Welsh produce would be shipped to feed the people of Bristol, and the boats would return with the city's manufactured goods and tobacco and chocolate.

Jan Morris, in her book *The Matter of Wales*, writes: "Some families made a living collecting snails for Bristolians, who were popularly supposed to live on them (though actually the chief customers were hlowers in the Bristol glass factories, who ate them as a prophylactic against tuberculosis)."

The first railway link came in 1863, with the river crossed by a

steam ferry plying between the tracks on two piers. A rail bridge was opened in 1879 upstream at Sharpness, but this was soon supplanted by a tunnel for the Great Western Railway's mainline between London and Cardiff, on a route which is now crossed by one of the viaducts of the new bridge.

More than 3,500 men worked on building the tunnel, which is more than four miles long. Services began in 1896, reducing the travel time between Cardiff and Bristol from two and a half hours to 75 minutes. The tunnel enjoyed an excellent safety record until four

years ago, when one train ran into another and 186 people were hurt. Since then, a £6m safety improvement project has been in progress.

The railway immediately sank the train steamer service and caused ports such as Bridgewater to lose coastal traffic. Bristol itself had already lost trade to other ports because its docks were handicapped by the tortuous tidal route of the river Avon. Meanwhile, ports in south Wales were booming with exports of coal, steel and iron.

"Towards the end of the 19th century, the Port of Bristol belatedly accepted that there had to be docks

at the mouth of the Avon. Today, the privatised docks of Avonmouth and Royal Portbury (they were in council ownership until five years ago) are flourishing.

Inevitably, the relentless rise of motorising after the first world war fuelled demand for a car ferry to avoid the 65-mile detour via Gloucester. A combined road and rail crossing was proposed in 1923 as a joint venture between Great Western Railway and the government. This plan was dropped, as was a subsequent road bridge scheme after opposition by rail and dock owners. Instead, a car ferry

was launched in the 1930s by a former architect, Enoch Williams. Within a few years, the long delays on both sides encouraged renewed demands for a bridge. The Ministry of Transport dragged its feet and construction of the suspension bridge did not begin until 1961.

When the bridge opened in September 1966, it immediately killed off the car ferry. In the first three days, 100,000 vehicles carrying trippers and sightseers converged upon it, causing 15-mile queues. The toll was no deterrent, compared with the 1750s or even today. For a car, it was only half a crown (12.5p).

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THE NEW SEVERN BRIDGE 5

RAIL CONNECTIONS: by Charles Batchelor

Still out on a limb

Cardiff failed to win a Chunnel passenger terminal but may still get a freight facility

South Wales and the West of England are poorly served by direct rail freight links through the Channel tunnel. When British Rail first drew up plans for a network of "intermodal" freight terminals switching containers between trucks and trains - in the late 1980s Cardiff was due to have one of 12 terminals planned for around the UK.

But the privatisation of BR, financial constraints on rail managers and the lack of a comprehensive overall government plan for exploiting the potential of the tunnel meant that in the intervening years Cardiff was dropped from the list.

The city still has a rail terminal at Rover Way, but it is managed by BR's Freightliner subsidiary - which is to be

sold in the next few months - and is used for domestic shipments of chemicals, paper, steel and electrical goods. Two trains in and out each day serve deep-sea and European ports such as Liverpool, Felixstowe and Tilbury.

Railfreight Distribution, the BR company responsible for Channel tunnel freight shipments, says one reason for the failure to develop Cardiff as a Euroterminal was the lack of demand for shipments. "We have no plans for a terminal," a spokesman said. "If the demand was there we would be happy to service it but there is no easily identifiable volume of traffic."

But private developers and local authorities do not share this view. There have been two rival schemes for a rail freight terminal in south Wales while across the Severn Estuary there are also proposals for a terminal at Avonmouth.

Mr William Hague, Welsh secretary, gave his backing to a site at Wentlog, on the eastern edge of Cardiff, in April.

This project is being promoted by the local authority, Welsh Water, Associated British Ports and the site's owner, Euroclad. They have joined together to form Cardiff International Rail Freight Terminal to build a £13m freight-handling facility.

The city council and the Welsh Development Agency are both keen to develop the site as part of a regeneration project which would ultimately provide between 10,000 and 15,000 jobs.

Both road and rail improvements are needed to bring this development about and to maximise the benefits. There are already plans for spending £10m on road improvements at Wentlog but the council is keen to keep heavy freight shipments off the roads.

A rival site at Major near Newport had been proposed by Morrison Developments, a Scottish company. It hoped to build a European freight terminal as part of a 224-acre disurban centre called Gwent Euro Park. The distribution park, near junction 24 of the

M4 motorway, is a few minutes from the new crossing.

Newport borough council gave outline planning permission for the 22-acre freight terminal, which was to have been on spare land at British Steel's Llanwern works on the north-west corner of the distribution park.

Tesco already operates a regional dry goods distribution centre on the Euro Park and Morrison recently won financial backing to develop stage two with a further 2.6m square feet of distribution space.

The rivalry between the two sites was keen but, according to one property market specialist, the Cardiff project always had the edge because of its proximity to the Welsh capital. Across the Severn at Avonmouth near Bristol, outline planning consent has been given for a rail terminal to be built on 125 acres of land owned by Western Properties, part of RTZ-CRA mining group. Outline planning permission was given in September 1994 but progress since then has been held up by local government changes and the hand-over of responsibility for highway matters from the now abolished county of Avon to Bristol city council. But RTZ-CRA remains confident that the project will go ahead and is in negotiations with freight operators to run services from the terminal.

Some people in the railway industry fear that without a strong commitment from a rail freight operator to run trains to some of the sites being developed around the country they could just end up as industrial estates. Uncertainty over the future of Railfreight Distribution, which has yet to be privatised, has added to these fears.

The hope is that Railfreight Distribution or rival freight operators will grasp the opportunity and help fulfil the government's promise to move more freight from road to rail.



Cross-Channel Shuttle train driver: a long way from the south west

THE ENVIRONMENTAL BALANCE: by Roland Adburgham

Where sea meets the sky

On land and water, the estuary is one of Britain's most environmentally sensitive areas

The Severn estuary epitomises the acute dilemma in trying to strike a balance between industrial activity and conservation. The Severn is Britain's longest river - 220 miles (354km) - and has more tributaries than any other. Its estuary, flowing into the Bristol Channel, is one of the UK's largest and most dynamic. It has the second highest tidal range in the world. It is internationally renowned for birds and for its ever-changing views of light, water and landscape.

For centuries, though, the estuary has supported trade, commerce and industry, with a string of ports on both banks. Today, in addition to the towns along its shores - about 1m people live around it - there are power stations and heavy industry such as steelworks and chemical plants.

Inevitably, there are conflicting interests. Port authorities and ship owners have navigational requirements. Fishermen and recreational users such as yachtsmen and water-skiers make other demands. Dredging, coastal defences and the loss of habitat all raise concerns. There is the need to protect bird and marine life and to reduce litter and pollution.

Hard hat monitor keeps watch

The second Severn bridge is believed to be the first project of its kind in the UK to have had a full-time environmental liaison officer during its construction.

When the Bill to build the bridge came before parliament in 1990, an environmental statement was prepared by W S Atkins, the consultancy group, and G. Mauseel, the government's agent for the project, with help from the consultancy SGS Environment. This statement set out how it was intended to minimise the project's ecological impact. One aspect was to ensure the design and location of the bridge and approach roads took account of the landscape, ecology and local communities. There was then the effect on marine and bird life and estuary currents to be considered. Computer modelling was used to predict flows and siltation.

Another aspect was that the approach road crosses Green Belt land in England (as part of the road's landscaping, more than 1m trees and shrubs are being planted). On the Welsh side, there are sites of special scientific interest

within the Gwent Levels. The statement pledged that an environmental liaison officer would be appointed to ensure that Laing-GTM, the contractors, complied with the commitments.

Miss Sue Lees, an ecologist seconded to the post by SGS Environment, has worked on site monitoring the effects of construction such as the water quality of ditches, liaising between groups and dealing with the concerns of residents. "I've thoroughly enjoyed it, but it's also been stressful," she says. "Hard-hat teams are not generally noted for their sensitivity to the environment. "Educating them was quite a problem - but we got there in the end."

No serious problems occurred, she said, because work proceeded very carefully due to the importance of the estuary and coastal land. The contractors must restore the construction yards to arable land by June next year. Monitoring of the effect of the bridge on banks, mudflats and salt marshes will continue for several more years. "Only time will tell," says Miss Lees.

habitats directive. "Last autumn," Mr William Hague, the Welsh secretary, who has shown more interest in protecting the environment than his predecessor Mr John Redwood, turned down proposals for a harrage across the Usk at Newport. But he did approve a planned motorway relief road south of Newport. This has raised further fears about the impact on wildlife within the Gwent Levels. The approach road for the new bridge crosses these reclaimed wetlands, which have a network of drainage ditches called reens laid out by the Romans.

While the bridge itself is stimulating development in the area, much of it on arable land, two other long-mooted schemes could have a huge impact - although neither is likely to materialise in the foreseeable future. One is a Severn tidal barrage to generate electricity. The other is a Severnside international airport near Newport.

It is not before time, therefore, that a partnership called the Severn Estuary Strategy has been launched this year to discuss the issues and encourage co-ordinated and sustainable management of the estuary. Such a strategy is a relatively novel concept in the UK, although many are now being set up. The government agency English Nature is running an initiative which aims to have management plans covering 80 per cent of estuary

waters by the year 2000.

Ms Angela Moffat, the initiative's manager, describes English Nature's role as that of a facilitator. "We are finding the process is working very well. People are talking to each other and lines of communication have been opened up which didn't exist before."

The strategy plans are supported by local authorities, statutory agencies and conservation groups, and industries which have an interest in estuaries are seen as having a crucial part to play. Ms Moffat acknowledges that persuading companies that they can benefit is "a hard nut to crack".

In the case of the Severn, the privatised utility Welsh Water decided last month to join the steering group. Ms Susannah Bleakley, the strategy's project manager, is looking for sponsors for a directory of the estuary's users.

Ms Bleakley, a geologist formerly with Shell, says: "We want to explore competing issues, rather than ignore them, and ensure the many uses of the estuary are planned together. We're a project, a partnership, and a process."

By the end of this year, the steering group intends to produce an issues report, in which the parties detail their concerns, and next year to set up topic groups to seek consensus and prepare draft proposals. Then, in 1998, it is hoped there will be an agreed plan to manage the estuary.



Sue Lees: measuring the quality of ditch water

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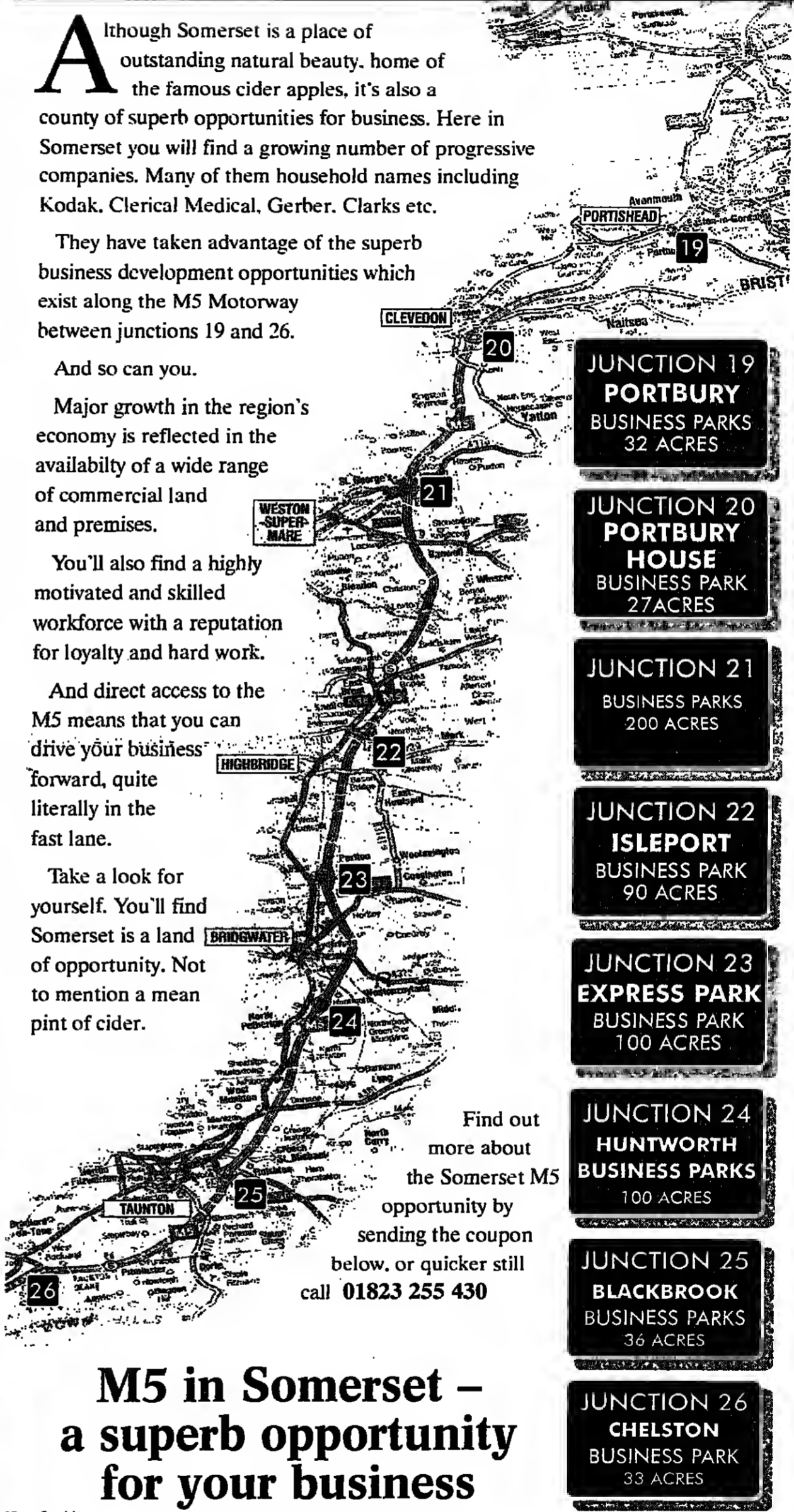
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6 THE NEW SEVERN BRIDGE

■ THE FIRST BRIDGE: by Roland Adburgham

The beautiful bottleneck

The first bridge is a popular landmark, but strong cross winds can often restrict traffic

Although the first Severn bridge might seem overshadowed by the opening of the second Severn crossing, a tribute has been paid this year to what the Welsh broadcaster Wynford Vaughan-Thomas once described as "this most graceful and impressive of suspension bridges, an elegant and most worthy entrance to Wales".

English Heritage, the government agency responsible for the conservation of historic buildings, has proposed that the bridge should be given a Grade 1 listing, the highest accolade for an architectural structure. It described the bridge as "a revolutionary piece of British engineering".

The 30-year-old bridge is really a combination of crossings, together two miles long. First, on the English side, there is the Aust viaduct, which connects the M4 motorway to the suspension bridge, which has a main span of 988 metres (3,240ft). The Severn at this point is one mile wide. Then there is Beachley viaduct, which crosses a peninsula between the Severn and Wye rivers. Finally, the Wye bridge carries the motorway into Wales.

Consulting engineers were Mott, Hay & Anderson and Freeman Fox, who designed an innovative road deck for the suspension bridge - streamlined hollow steel boxes to lighten the weight and reduce wind resistance. These sections were floated down the river Wye from the construction yard at Chepstow and hoisted into position.

The bridge was built to withstand winds up to 100mph (which fortunately has not been put to the test). But it was not envisaged that the traffic flow would grow from an average of 6m vehicles a year to more than 19m, and

with a great increase in the weight of trucks. Built at a cost of £8m, the bridge has since had many millions more spent on strengthening it.

This work did not obviate the need for a second crossing. Congestion at the toll plazas with tailbacks at peak times reaching several miles, lane closures for maintenance, and the occasional closing of the bridge to high-sided vehicles because of strong winds, all added to the case.

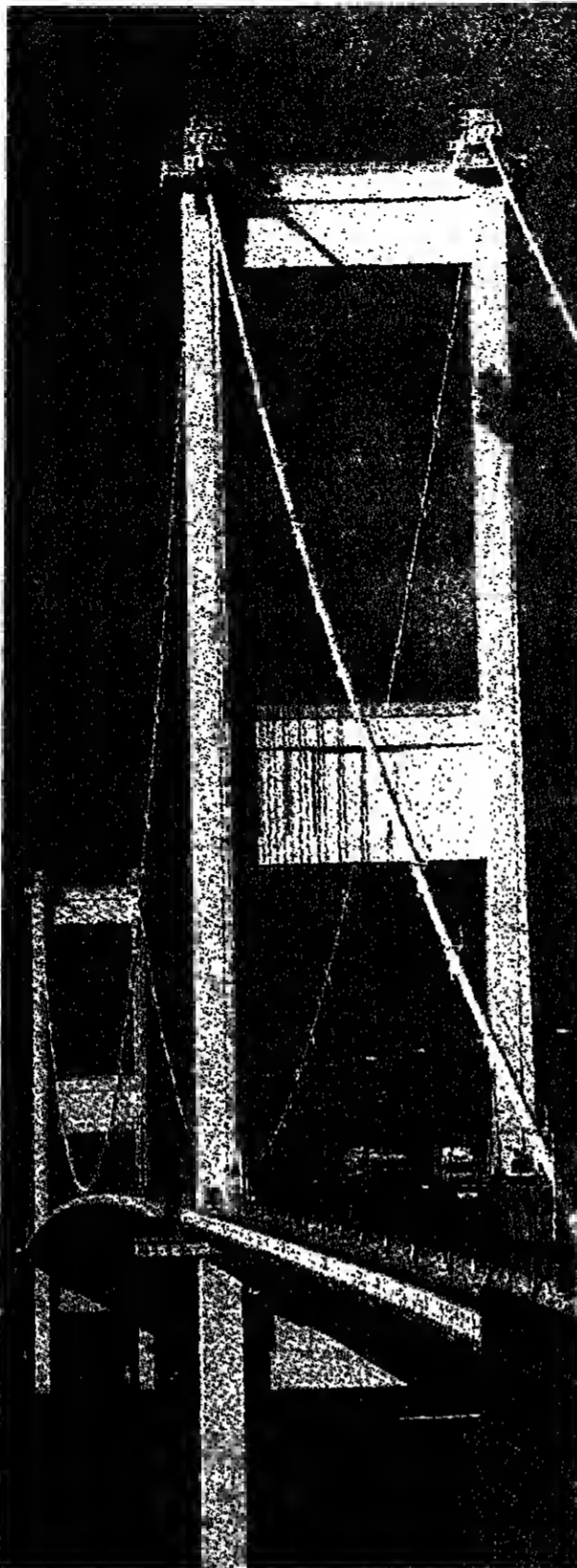
Ten years ago, the government decided there should be a new bridge and the agreement with Severn River Crossing was signed in October 1990. SRC is legally obliged to continue to finance, operate and maintain the first bridge.

If it is listed Grade 1, the consequent restrictions on structural alterations could add to what is already a costly business of repairs and maintenance. SRC, since it took over the bridge in 1992, has spent over £6m. Mr James Clune, SRC's maintenance manager, says: "I have about 90 people employed plus subcontractors."

One contract close to completion is the bridge's repainting. The colour has been transformed from a dowdy battleship-grey to a gleaming white, enhancing the dramatic appearance of the 137 metre (449ft) towers and the main cables.

The change has a practical as well as aesthetic effect. Mr Clune says: "The white colour reflects heat and reduces the temperature of the steel in the towers to summer. This reduces movement in what is a constantly moving structure."

No fewer than seven coats and 247,000 litres of paint have been used to withstand the hostile marine environment.



The first bridge open to the full force of the weather. Picture: Tony Anderson

■ WELSH PROPERTY PRICES: by Simon London

Ripples spread westwards

Values are bound to rise but the size of the catchment area that benefits remains unclear

The second Severn crossing is bound to have a positive effect on the property markets of south Wales. The question is whether the impact will be limited to areas adjacent to the crossing or ripple westwards across the Principality.

The immediate gains are likely to be strongest in Gwent, especially the area around Newport, which is already presenting itself as a national distribution centre to rival Bristol or the Midlands.

This claim received some support in 1994, when Tesco, the food retail group, decided to build a 600,000 sq ft high bay warehousing and distribution facility at Gwent Europark, Magor, near Newport.

Smaller investments have followed. At the end of last year Christian Salveseo, the distribution group, took a 70,000 sq ft warehouse facility at Newhouse Park, Chepstow.

"Economic prosperity follows lines of communication. The Severn Bridge put Wales on the map as a business location and the second crossing will really open it up," said Mr Michael Rees of Chesterion, the chartered surveyors.

South Wales offers two main advantages over the west of England. First, land prices are significantly lower. Bristol in particular has suffered from a shortage of land suitable for large industrial developments.

In contrast, structure plans drawn up by Gwent county council allocate more than 300 hectares of land for industrial development in the Newport area alone.

New development land is becoming available all the time as former industrial sites are reclaimed. The largest land reclamation scheme in Europe is in progress at Merthyr, to the north of Cardiff.

Second, investors in south Wales qualify for government grants, mainly through the Regional Selective Assistance programme administered by the Welsh Office.

The Welsh Development Agency also provides compa-

nies with loans and advice on projects which can include property investments.

In the past these advantages were often outweighed by the perceived fragility of the Severn Bridge as a link with the main UK motorway network. If the bridge was closed due to severe weather or congestion, lorries faced a long haul further north.

The second Severn Crossing should remove this weakness. The reality is that the channel ports are only a four hour drive from Cardiff. Heavy good vehicles can reach Liverpool, Manchester or London in less than three hours.

"The Severn Bridge is a psychological barrier more than a physical barrier. The new crossing will increase interest in Wales as a distribution location," said Mr Bernard Ryan, chief executive of the Land Authority for Wales, which assembles development sites.

Although modern empty industrial buildings are currently in short supply, the WDA and private developers have started to respond by building more speculative units. Morrison Developments recently started infrastructure works on the second phase of Gwent Europark.

There are two clouds on the horizon. First, the second crossing has opened up hundreds of acres of employment land on the Bristol side of the Severn.

Second, government planning policies mean that Wales will soon have to join England in allocating "green belt" land

which must be protected from development. This could restrict the supply of employment land, especially around Cardiff, and possibly drive up land prices.

However, property agents believe that the positive psychological impact of the new crossing will outweigh these factors. In theory (this should apply to the office property market as well as industrial and distribution sectors).

Sites such as the 45 acre Celtic Lakes business park, outside Newport, which has

been awaiting development since the late 1980s, should receive a boost if more potential tenants add south Wales to their short-lists of potential locations.

Cleppa Park, a neighbouring business park owned by Castlemore Securities, the Birmingham-based property company, has been chosen by the WDA as the site for a 27 acre leisure development which will include a multi-screen cinema and bingo complex.

Moreover, the second Severn crossing is part of a pro-

gramme of infrastructure improvements, including a planned direct motorway link between the new crossing and Cardiff, which could help spread development throughout south Wales.

"The new crossing has to be seen as part of a package of improvements to the M4," said Mr Ryan.

Rail links are also being improved. A railfreight terminal is planned for Wentloog Corporate Park, to the east of Cardiff.

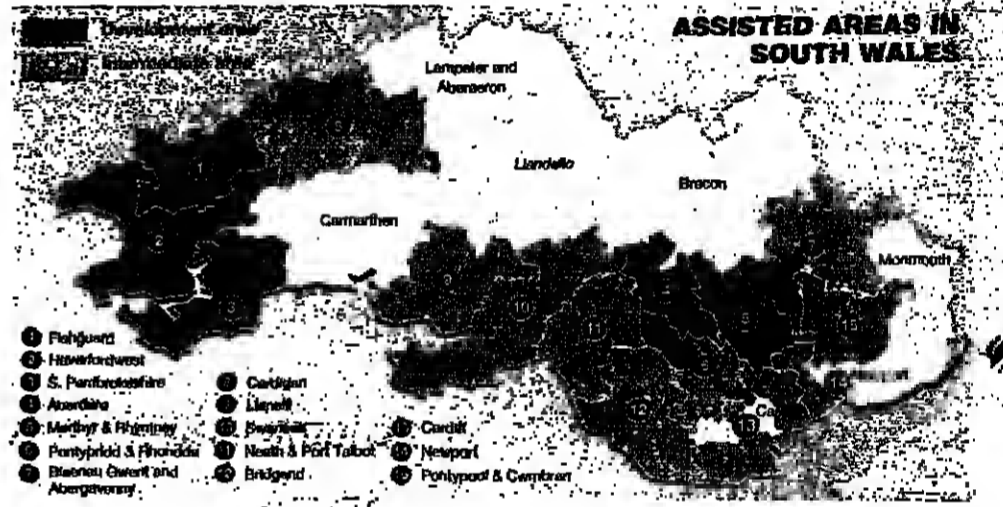
Cardiff International Airport is earmarked for expansion in the ownership of TBI, the property investment company.

Property agents hope that Cardiff, which dominates the Welsh office market in terms of size, will start to rival Bristol as a favoured relocation destination for UK companies.

The Cardiff Bay development provides a show-case, with sites available for headquarters buildings. Cardiff city centre also has new office space in occupation, such as Helical Bar's Kingsway development.

New roads, such as the new Pentwyn Link road with the M4 to the north of the city, have also opened up land for out-of-town business park development.

The Land Authority for Wales is involved in a number of smaller regeneration projects further west - including Carmarthen and Port Talbot town centres - which Mr Ryan believes will receive a long-term boost from the second crossing as development spreads from the east.



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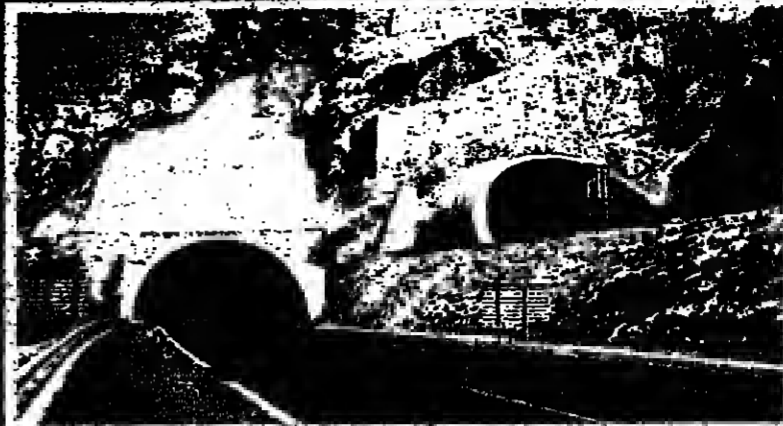
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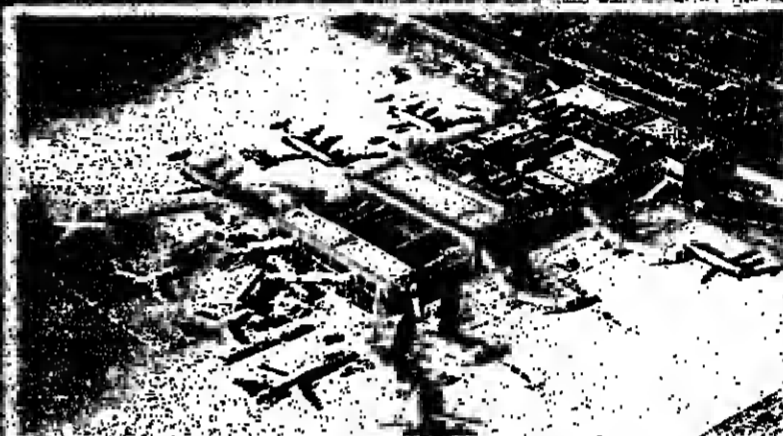
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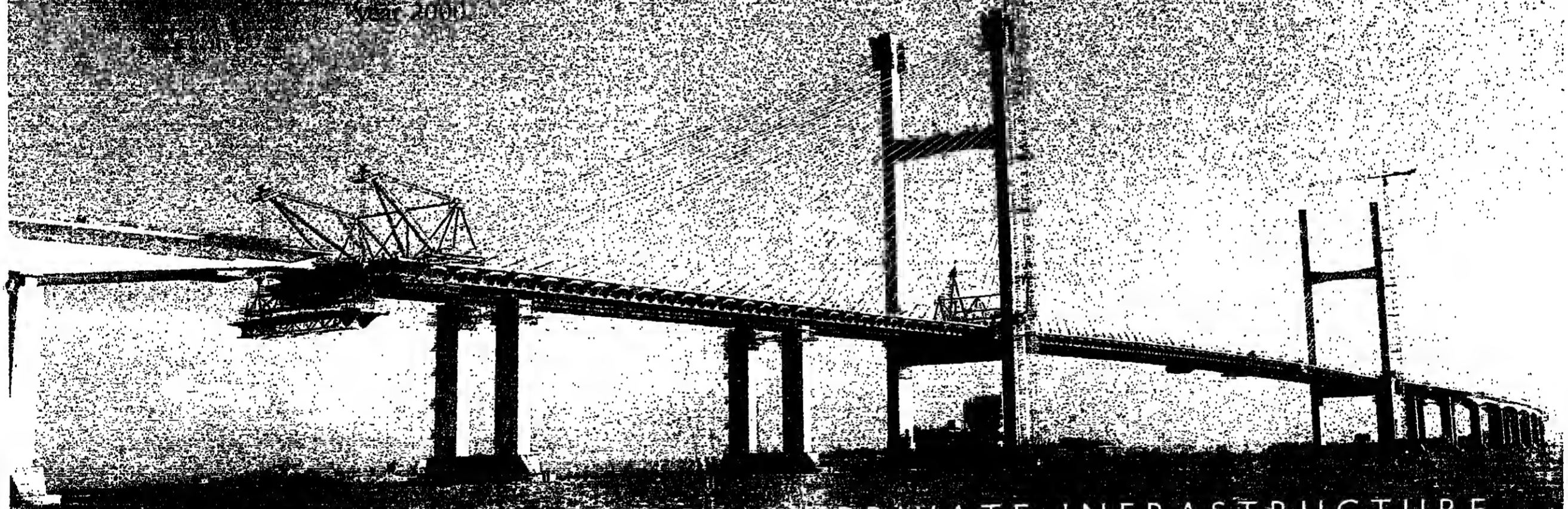


EUROHUB
Private finance for Birmingham International Airport, opened 1991.



ASHFORD
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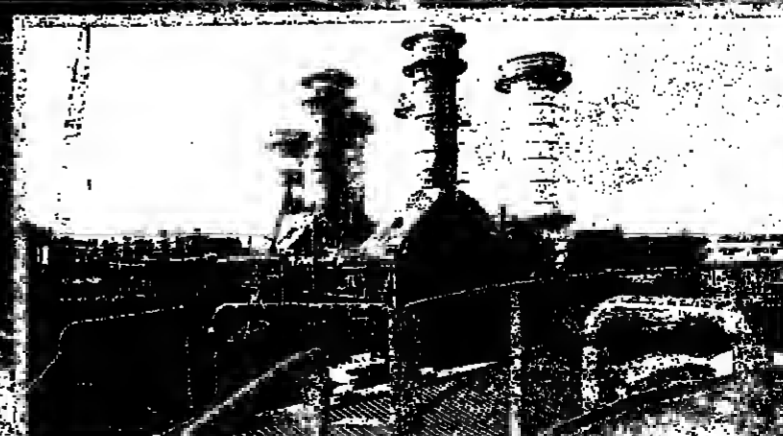
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8 THE NEW SEVERN BRIDGE

TOURISM: by Rhys David

Battle royal between two proud cities

The area's two main cities are set to intensify their competition for visitors

For two cities so close to each other - and now even closer as a result of the opening of the second Severn crossing - Cardiff and Bristol share few characteristics...

Cardiff was an important Roman fort, and later a medieval stronghold, with a fine 12th century Norman keep in the middle of its now largely Victorian castle...

Home is a Welsh-Norman castle

The closest tourist attraction on the Welsh side of the new Severn crossing is Fenhook castle, the first fortress with a stone keep to be built by the advancing Normans in 1070...

of its regional rivals, Cardiff's investment in new city centre shopping precincts has brought in visitors from as far afield as Torquay and Birmingham...

The National Union of Teachers conference, one of the UK's biggest such events, visited Cardiff at Easter for the first time since 1881...

Yet, rivalry has always existed between the two which seems set to intensify as both battle to win wider influence outside their immediate hinterlands...

One area where the two meet head on is tourism, which with the decline of other more traditional industries has become an important source of jobs and wealth...

When built these new attractions could help to boost substantially the estimated £400m income Bristol derives from (mainly business) visitors at present, increasing the number of visitor dependent jobs from the present 20,000...



Bristol's waterfront: the tobacco trade once made it England's second city

cities for celebrating the millennium, through the creation of a number of new attractions in its harbourside area. An application has been submitted for a total of £82m towards a £150m scheme...

New facilities are confidently expected to attract at least 500,000 visitors a year. They would include a centre for the performing arts, which could also double up as a conference venue...

Developers are also showing interest in building a conference venue on a 20 acre former Post Office site adjoining Brunel's historic Temple Meads station...

When built these new attractions could help to boost substantially the estimated £400m income Bristol derives from (mainly business) visitors at present, increasing the number of visitor dependent jobs from the present 20,000...

Bristol does have the drawback of being not one city with a single identifiable heart but a series of neighbourhoods, at present poorly linked with each other...

The mechanisms to be used will include greater pedestrianisation, better use of street furniture, floral displays and signposting to guide people around designated quarters...

Cardiff will host the 1999 Rugby world cup in a new stadium being looked at, including bendybus and light rail...

Cardiff will host the 1999 Rugby world cup in a new stadium being looked at, including bendybus and light rail...

CARDIFF BAY DEVELOPMENT: by Rhys David

Timing is perfect

The new bridge could not have opened at a better time for developers at Cardiff docks

For Cardiff Bay, the ambitious Government-funded scheme to revitalise the city's Victorian docks area, the opening of the second Severn crossing could hardly have come at a better time...

For the opening of the new link coincides broadly with the completion of the final stretches of highway joining the bay both east and west...

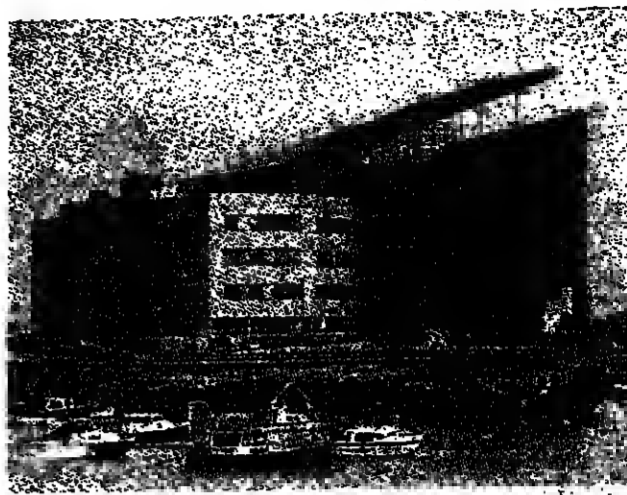
Visitors to Cardiff - the bay authorities expect 1.5m this year and 2m by 2000 - will in future be directed along this route, making a hitherto cut-off part of the city its shop window...

On either side they will see an area now partly transformed - have new buildings, such as the headquarters of credit insurance group NCM...

Others are Ocean Technical Glass, a capital and labour intensive German-Japanese joint venture producing cathode ray glass...

There have been some disappointments as well, however, notably the failure to secure Millennium funding for a new home for Welsh National Opera...

Among these will be a £30m leisure complex planned by Farmac at the Harbour entrance which will include a multiscreen cinema...



NCM, the Dutch-owned credit insurer, which opened last year

Financial services, another hoped-for source of inward investment, have also been somewhat slow to come. Arrivals such as NCM, and Axa Equity and Law...

The city, a back office centre for Chemical Bank, has lost out to Bournemouth, however, following the merger with Chase Manhattan...

Yet, for Michael Boyce, every scheme brought in before the flooding of the mudflats behind the barrage is almost a bonus...

The presence of a big supplier is also expected to help to anchor the large number of television related jobs in other parts of south Wales...

It may thus avoid the controversy of what was seen before as a 'toff's scheme. Whether, as was the original intention, it will create a building which would be ranked alongside Sydney Opera House is another matter...

A DIRECTORY OF USEFUL BUSINESS CONTACTS

Who's who in the west

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BRISTOL AND CARDIFF: by Roland Adburgham

Twin poles of regional expansion

The area's two leading cities will both complement and compete with each other

Travel time between the two regional capitals of Cardiff in Wales and Bristol in the west of England will be slightly shortened by the new bridge. It is less certain they will be brought closer together in spirit.

Together, the cities, only 45 miles apart, could provide the twin nuclei for a more robust economic region in European terms. But they have long been rivals and, instead, the bridge could increase their competition for inward investment, shoppers, and tourism and leisure spending.

Bristol is the larger city with a population of 400,000 compared with Cardiff's 300,000. Both, in many respects, are thriving and, encouraged by the general impetus behind regionalism, have ambitions to play a larger part on the European stage. But whereas Cardiff has firmly established itself as the capital of Wales, the recognition of Bristol as the regional capital of the west of England is much more ambiva-

lent. An example was the palaver last year over where the new West of England Development Agency should be based. Bristol should have been the obvious choice. The agency's role is to win foreign investment for the region's five counties. Bristol, due to its maritime trading past, has an international name. Harveys Bristol Cream sherry is a world brand. The US has no fewer than four towns called Bristol.

Yet the agencies' sponsors in the five counties could not agree to capitalise upon this. Instead, it was feared Bristol and the economic development agency already based there, the Western Development Partnership, would dominate and snaffle inward investment projects.

A preferred solution was Bath, with an equally famous name, but suitable premises could not be found. Eventually, a compromise location was found: the obscure Wiltshire town of Chippenham.

If this signifies the suspicion of Bristol, and the reluctance to allow it a leadership role, it is partly the city's fault. It is often regarded as introspective and being unconcerned about the wider region. To some extent, it is a question of role. Although the Government Office for the South West is

based there, that hardly compares with a department of state, which is what Cardiff has with the Welsh Office.

Both cities, though, have reasons to respect each other. The Welsh capital has a more cohesive shopping centre of malls and arcades and cheaper car parking. It has fine cultural assets such as the National Museum of Wales and Welsh National Opera, even if the opera house project turned into an embarrassing fiasco. (Bristolians were rather amused by the saga.)

Bristol has no stadium with the aura of Cardiff Arms Park, let alone its replacement to be built in 1999. Nor does it have anything to compare with Cardiff International Arena, which today opens a three-day European business fair.

Cardiff Bay development corporation is promoting spectacular regeneration, unlike the Bristol development corporation, which was wound up in December with only limited achievements.

While the west of England has never been able to offer the grants packages available around Cardiff, which also has lower rental and labour costs, it has probably a more skilled workforce. Cardiff has the University of Wales, but Bristol University is one of the UK's leading academic institutions and, as well, there are the universities of the West of England and Bath.

Although the two regions can legitimately proclaim their quality of life, the west of England, with its schools and housing, may be more attractive to senior executives and their families. Bath, a dozen miles from Bristol, is arguably the finest provincial city in

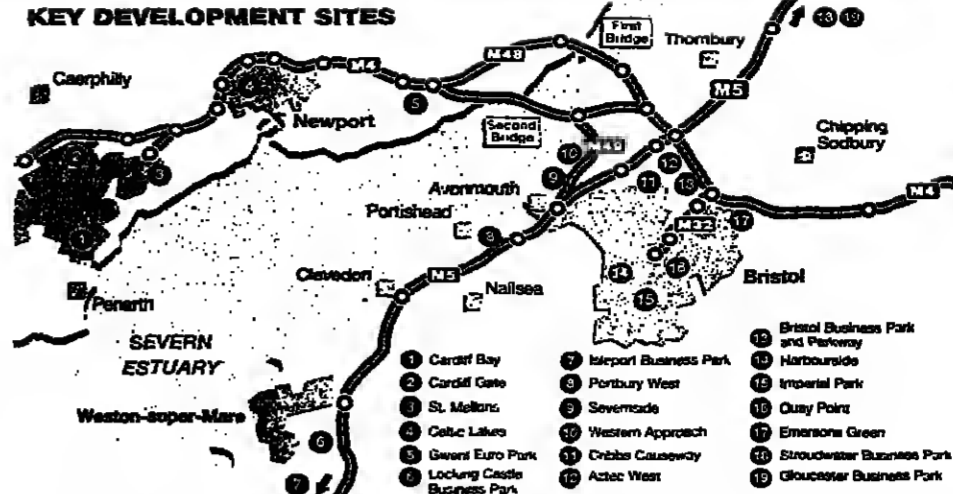
England. Perhaps in consequence, Bristol has been more successful in attracting high-tech industry and the headquarters functions of financial services companies. Hewlett Packard of the US has its European base; Lloyds retail bank, NatWest Life, Sun Life and Bristol & West Building Society are among the headquarters.

Cardiff, though, has its own active community in financial and business services. This month, Coutts, the upmarket private bank, opened an office in the city (it is already established in Bristol).

Another acknowledgement of the Welsh capital's growing stature has come this year with the decision of the Bank of England to establish a regional agency to monitor business conditions - rather than, as hitherto, covering south Wales from Bristol.

A study published last November by Plymouth Business School, in its South West Economic Review, analysed the cities' relative success.

"The total picture suggests that Cardiff is becoming much more buoyant; a trend which is very likely to continue given the boost of the second Severn crossing and, if successful, the massive redevelopment of Cardiff Bay," it said. "There is,



therefore, some concern in Bristol about the increased attractiveness of the Welsh capital."

The study commented: "Bristol is now recognising that Cardiff is a serious threat and that it must develop some strategic vision of its own." This recognition is apparent in a recent willingness to narrow what has been a self-destructive divide between the public and private sectors - in sharp contrast to the "Team Wales" approach. Cutbacks in the city's financial services sector, the move of Sun Life's headquarters out of the city centre (principally because of traffic congestion and parking difficulties), the imminent

opening of the out-of-town Cribbs Causeway shopping centre, have helped to concentrate minds.

Bristol Chamber of Commerce & Initiative, with its chief executive Mr John Savage, has taken the lead in encouraging partnerships between the private sector and the city council. Broadmead, the outdated shopping centre, is at last being improved. The Harbourside regeneration of the waterfront, with a centre for the performing arts, looks as though it will come to fruition.

Tourism is being encouraged by events such as next week's international festival of the sea. A project for a rapid trans-

port system has been resurrected and park-and-ride schemes have been introduced for shoppers and commuters.

On April 1, the Labour-led councils in Cardiff and Bristol reverted to unitary status, regaining powers lost under the previous two-tier structure of local government. While both cities would like to have seen the government widen their boundaries to take in the greater urban area, it does present an opportunity for positive political leadership to capitalise upon their considerable strengths. Even if the cities do not become kindred spirits, they are each well placed to move up the European league table.

CIVIL AVIATION: by Roland Adburgham

Bristolians fume at airport ban

There is deep disappointment at John Gummer's refusal to back a new civil airport

In the Bristol region, the shock waves persist. Among the business community, there was incredulity at the government's decision in March to reject a plan by British Aerospace to develop its airfield at Filton, north Bristol, into a commercial airport.

When the Confederation of British Industry in south-west England recently surveyed members to draw up a business agenda for the region, no fewer than 79 per cent identified air links as the main weakness - a higher percentage than for any other perceived drawback. Bristol's existing airport at Lulsgate, south of the city, is a success in its own terms. It carried a record 1.5m passengers in the year to end-March with record pre-tax profits of £4.5m in 1994-95. But it has a limited range of scheduled services, sometimes suffers from flight diversions because of weather conditions, and has poor road access and no railway.

The CBI's report said an estimated 2.8m people a year travelled by road from the south-west to use air services from London. While the region's relative closeness to Heathrow airport is an advantage, motorway congestion is likely to become an increasing deterrent. The CBI concluded: "The business and economic development communities judge that the south-west's competitiveness is being held back by the lack of an international regional airport of the calibre of Manchester airport."

Filton, the CBI said, was the preferred location for an international airport, "gaining three times more support overall than any other suggestion". BAE's plan (at least initially) was on a modest scale for a small business airport. But the logic seemed so persuasive - it is an existing airfield with a long runway, close to the M4 and M5 motorways and mainline railway - it was widely assumed it would be approved after a public inquiry last year.

In giving the thumbs-down, Mr John Gummer, environment secretary, agreed there would be "wider benefits for the local economy in terms of enhanced competitiveness and employment prospects". But he considered there was an overriding justification for Filton which outweighed the interests of local residents, who had protested vociferously. In 1976, a previous environment secretary had allowed thousands of homes to be built near the airfield - even though it had been in non-commercial use since the early days of aviation. Mr St John Hartnell, a leading Bristolian and senior partner of Hartnell Taylor

Cook, commercial property surveyors, did not mince his words. Mr Gummer's decision, he said, was "stupid beyond all credibility". BAE itself announced this month it would challenge the decision in the high court.

Mr Gummer did say the Government Office for the South West would commission a study of future demand for air travel and how that could be met. Two other tentative proposals exist for an international airport. One, called Severnside International, would be on reclaimed estuary land near Newport. But even if it could find the funding, it would face immense environmental objections. The other, UK One, put forward by European Airports Consortium, would be sited close to the new bridge. It too faces huge obstacles to raising development funds and in persuading the landowners to support it.

If the rejection of Filton airport is upheld by the high court, the emphasis will be on improving Bristol's existing airport. Last year, Mr Gummer gave consent for a new terminal to raise capacity to 2m passengers a year by the year 2000. Scheduled traffic is growing faster than charter and accounts for more than a third of passengers.

Its new terminal will cost £17m as part of a five-year £30m development programme. The airport, owned by the city council, is seeking private capital for much of the improvements, to include extending the runway to take larger aircraft and in poorer weather. To improve access, Mr Peter Clayton, the airport's managing director, calls for the completion of the Bristol ring road to link the M4 and M5 motorways and to connect with the airport.

Assuming the Filton decision stands, that will also be welcomed by Cardiff International Airport which, although it is west of Cardiff, is seeking to extend its catchment area into England. Like Bristol, the airport has a limited range of scheduled services and needs better access. As in the south-west, a CBI Wales survey has shown a high proportion of business people - 64 per cent of respondents - consider air links to be a weakness.

Upgrading, as at Lulsgate, is under way. Last year, the airport was privatised and sold for over £37m to TBI, the Cardiff and London-based property and development group. It too is seeking more business traffic (which accounts for a quarter of its annual 1.1m passengers) and intends to spend £20m in the year 2000 on improvements.

Last November, a new E3m arrivals lounge was opened. The departures lounge is being expanded and the airport plans to handle 2.5m passengers by the year 2004. By then, it will be apparent whether south Wales and the west of England have adequate air services - or, as many fear, the regions have been left in the slipstream of those with better regional airports.

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Handwritten note at the top center: 'M/1/15/96'

DEFENCE MINISTRY RELOCATION: by Bernard Gray

A comfortable way to save money

The MOD's procurement arm says its £273m move saves taxpayers' money

Abbey Wood, the controversial new home for the Ministry of Defence's procurement arm, is rapidly turning from a vast building site into a functioning office complex.

The site, located north-east of Bristol near the Parkway station, will have cost £273m to build by the time it is finally finished in the autumn. Moving around 4,000 Procurement Executive staff there will have cost a further £85m. Despite these costs the MoD is insisting the new development will save it money.

With the defence budget falling fast, and with a general reluctance by taxpayers to pour money into nice offices for civil servants, it is easy to see why the cost of building Abbey Wood has attracted criticism.

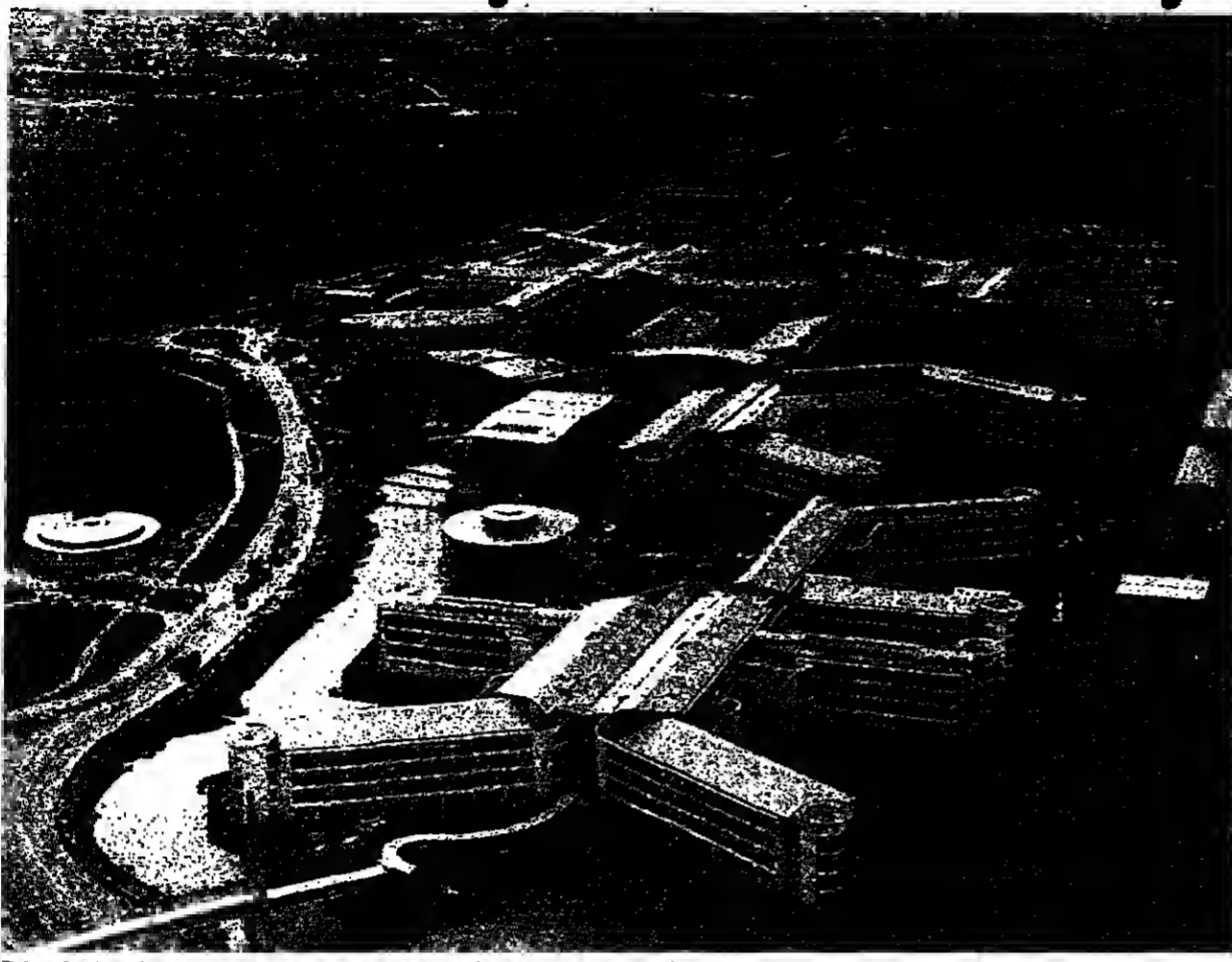
What produced most of the bad headlines, however, was the fact that Abbey Wood gives the Procurement Executive the kind of facilities that the taxpayers would kill for in their own workplaces.

The MoD argues that many of the refinements which are regarded as "gold-plating" at the Abbey Wood site are sensible ways for the ministry to save money in the long term.

Abbey Wood will house about 5,000 staff when it is finished in a carefully designed and pleasant office complex. Its design team has tried to learn from the mistakes of other large relocation projects, some in the Bristol area, to ensure the best possible working environment.

So while the team were determined to have an open plan office system to dig sky and retiring civil servants out of their lairs, they have spent money on good quality carpets for the open areas to dampen noise levels. The idea is that the carpets will wear better and allow people to concentrate without being distracted by their colleagues' conversations.

Everyone on the site is linked by personal computer network which, interestingly,



Relocating in style: the new MOD procurement centre at Abbey Wood in north Bristol

is not the system the Procurement Executive itself bought for the rest of the MoD. The PE's system has proved cheaper and less troublesome.

Triple glazing is also standard. Not, apparently, to make sure that sleep is uninterrupted, but for energy saving and to produce a combination of blinds and windows which requires little maintenance.

Glass-topped atriums between buildings provide airy informal meeting spots, but are also said to cut down on the cost of exterior cladding required for the complex. More than 5,000 trees and 15,000 shrubs will have been planted in the grounds by the summer, but they too apparently cut costs by reducing grass-cutting requirements.

The large lake at one end of

the site is, the PE says, required by the environmental agencies as a storm drain for the whole development and doubles as a defence barrier which reduces the amount of fencing needed around the compound.

The suspension bridge which links it with one of the two large car parks has been artistically approved.

For those who prefer to travel to work by train, the £3m dedicated railway station is now open, and once the staff arrive there a nursery is ready to receive up to 100 children aged under five.

Given the Club Med feel of the new headquarters, some Procurement Executive staff have surprisingly moaned about being moved from their dingy cubby holes in London.

None, however, has yet refused to turn up for work at Abbey Wood.

Some 1,500 staff have been transferred to the site since the top brass arrived just before Christmas. The rest of the 4,000-odd professionals who are required to move by the MoD are expected by the autumn, and the PE is looking to recruit almost 1,000 mostly clerical staff locally.

PE executives say that the move has proved remarkably smooth, with very little unexpected trouble. Staff have crated up their work over a Thursday and Friday of one week, been moved during the weekend, and have unpacked in time to be reasonably operational by the end of the following Monday.

Those who have moved to

buy houses in the area have found accommodation quite easily, according to those running the move. Despite the earnest hopes of local estate agents, house prices have not been ramped up by the influx of new buyers.

What remains to be seen is whether the taxpayer will really benefit from the operation. The MoD's own figures, which may be expected to highlight all the possible savings, say that the new site will save £13m a year, ignoring the costs of financing the development.

Whether that is really true remains to be seen, but given the amount of jealousy elsewhere, can be sure that others will be keeping a careful watch on the scheme.

CRIBBS CAUSEWAY: by Roland Adburgham

The magnetic mall

After 11 years of planning, a huge shopping mall is going up a few miles from Bristol

It has been long heralded, but whether it is viewed with eager anticipation or trepidation depends upon one's point of view.

After 11 years of planning and opposition, construction finally began last October of one of Britain's largest regional shopping centres, Cribbs Causeway. Today, it is a colony of cranes, five miles north-west from the centre of Bristol, but by 1998 it will have become a magnet for shoppers on both sides of the estuary.

Because it is a greenfield out-of-town site, Cribbs Causeway may be one of the last of its kind. It was eventually approved in November 1991 by Mr Michael Heseltine, then environment secretary, after an appeal against an earlier rejection by his predecessor, Mr Nicholas Ridley.

Since then, the government has tightened its planning guidance against similar schemes. Mr John Gummer, the environment secretary, was in Bristol last month making an impassioned defence of town centres. "The future of Bristol, as of all our cities, depends on whether now we are determined to recover the sense of excitement of living and shopping in the centre - or to go on allowing the countryside to be no longer the countryside, and the town no longer the town," he said.

The US, he said, was a "ghastly example of what happens if towns are allowed to spread beyond sense". Did we want, he asked rhetorically, cities to be left to the "rootless, reckless and wreckers"? To meet the demand for housing and commercial development, he insisted: "The use of land that has been used is imperative, and the use of land that has not been used is increasingly unacceptable."

Mr Gummer did not mention his predecessor's part in allowing that to happen at Cribbs Causeway. Developed by Prudential Assurance, the UK's largest life company, and J T Baylis, a Bristol builder, it will

have a shopping mall with 725,000 sq ft of space, plus a leisure centre and retail park with a superstore on a total site of 150 acres.

"The car has become the master, not the servant," Mr Gummer declaimed. In Cribbs Causeway's case, the car is its raison d'être, with free parking for 7,000 vehicles and another 1,000 spaces for the leisure centre. The developers are providing a slipway off the M5 motorway and other highway improvements at a cost of over £10m. The new bridge (in which Prudential has invested £25m) is just a few minutes' drive away.

Cribbs was one of the last out of town malls approved before the government altered its policy

For shoppers, there is little doubt of the lure of Cribbs Causeway. The two-storey mall will be anchored by a 230,000 sq ft John Lewis department store - John Lewis is abandoning its existing store in Bristol's city centre - and a 145,000 sq ft Marks & Spencer. This month, the developers are starting to market the space for another 140 retailers, with a 900-seater food court plus restaurants.

"The demand is absolutely exceptional," says Mr Graham Maskell, Prudential's associate director in charge of the project. "I can't think of any shopping centre so sought-after. The value of the deals with John Lewis and Marks & Spencer are far in excess of anything achieved anywhere else in the country."

He puts the end-value of the shopping centre at £250m, plus another £60m for the leisure centre and retail park. "Cribbs Causeway is an exceptional location and is seen as something very special," he says.

The plans for the leisure complex include a 12-screen Warner Brothers cinema, a "leading-edge family entertainment centre" and restaurants.

This is due to open in October next year, with the shopping centre in the following spring. Nearby, there is already a separately-owned retail warehouse park which is proving highly successful.

Prudential calculates that Cribbs Causeway is "within an hour's drive for almost 4m people". That range includes Bath, Cheltenham, Gloucester, Swindon, Taunton and Weston-super-Mare. On the Welsh side, there are Cardiff, Chepstow, Newport and valley towns.

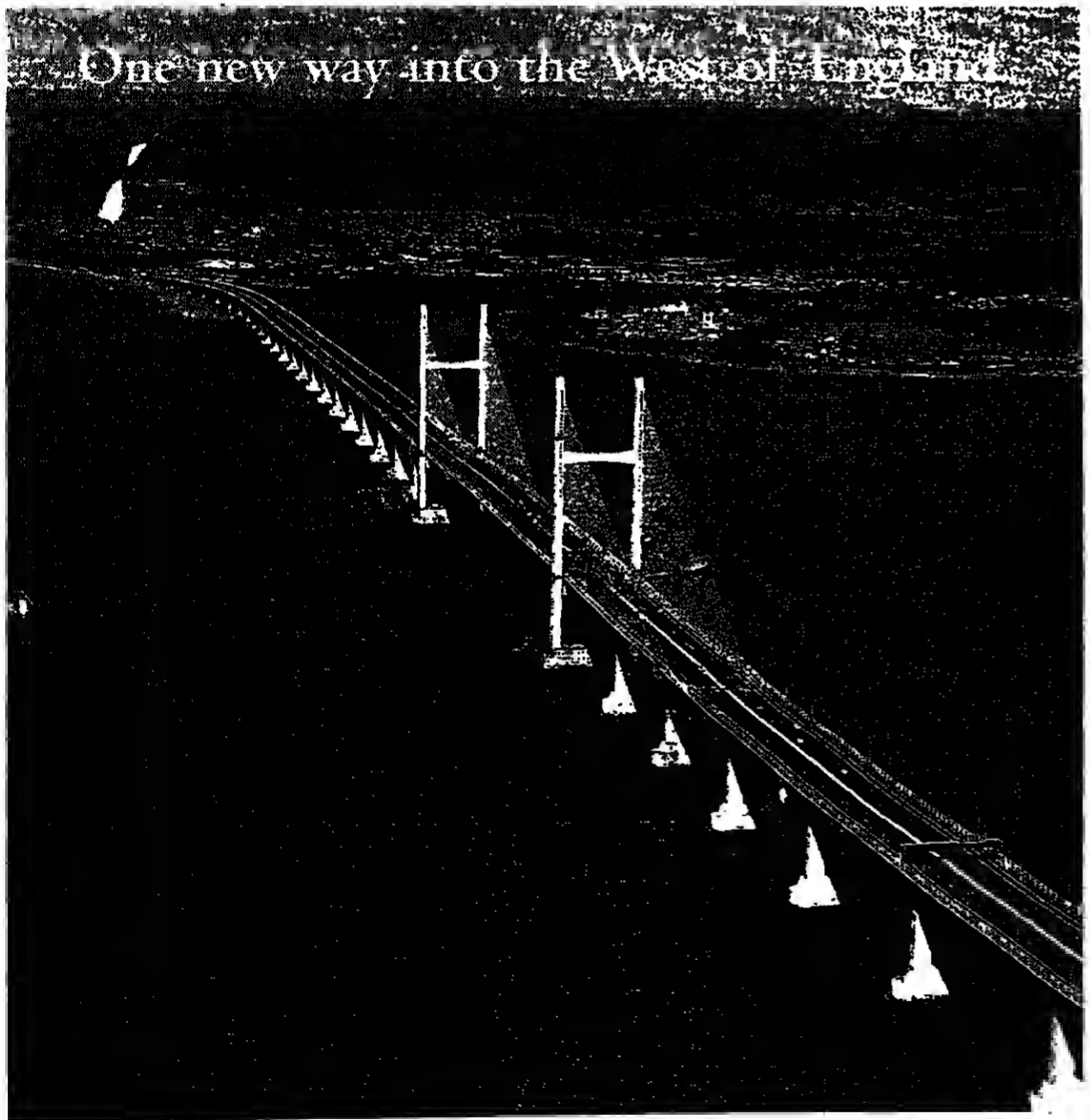
While all of these could lose some trade, the most direct competition must be to central Bristol. One beneficial effect of Cribbs Causeway is its galvanising effect on the city, which has realised it must update its own post-war shopping centre, Broadmead.

The city council, the main freeholders, and the private sector have formed a company, Broadmead Board, to revitalise it. Mr John Leaver has been brought in to manage the board on a two-year secondment from Marks & Spencer - which, unlike John Lewis, is retaining and investing in its store in Broadmead.

A notable counterpunch to Cribbs Causeway has been to replace John Lewis with another quality department store, Bentalls, which is to spend £10m in refurbishment. Street improvements are being made, a bid has been submitted to the Home Office to finance closed-circuit television surveillance, negotiations are underway to improve the car parks and, this month, a television campaign is promoting the fact that more than 100 shops have started to trade on Sundays.

Mr Maskell welcomes the brightening of Broadmead. He argues that the Bristol area is "severely undershopped" and, together, Cribbs Causeway and Broadmead will add to the city region's appeal. Mr Leaver himself is confident. "Broadmead is a very robust commercial centre," he says.

"Bristol has so much to offer there is no reason why we cannot compete with out-of-town centres. But, in the past, we didn't go out to attract people, and now we've started to do it. At last, we are on the front foot and not on the back foot."



One new way into the West of England

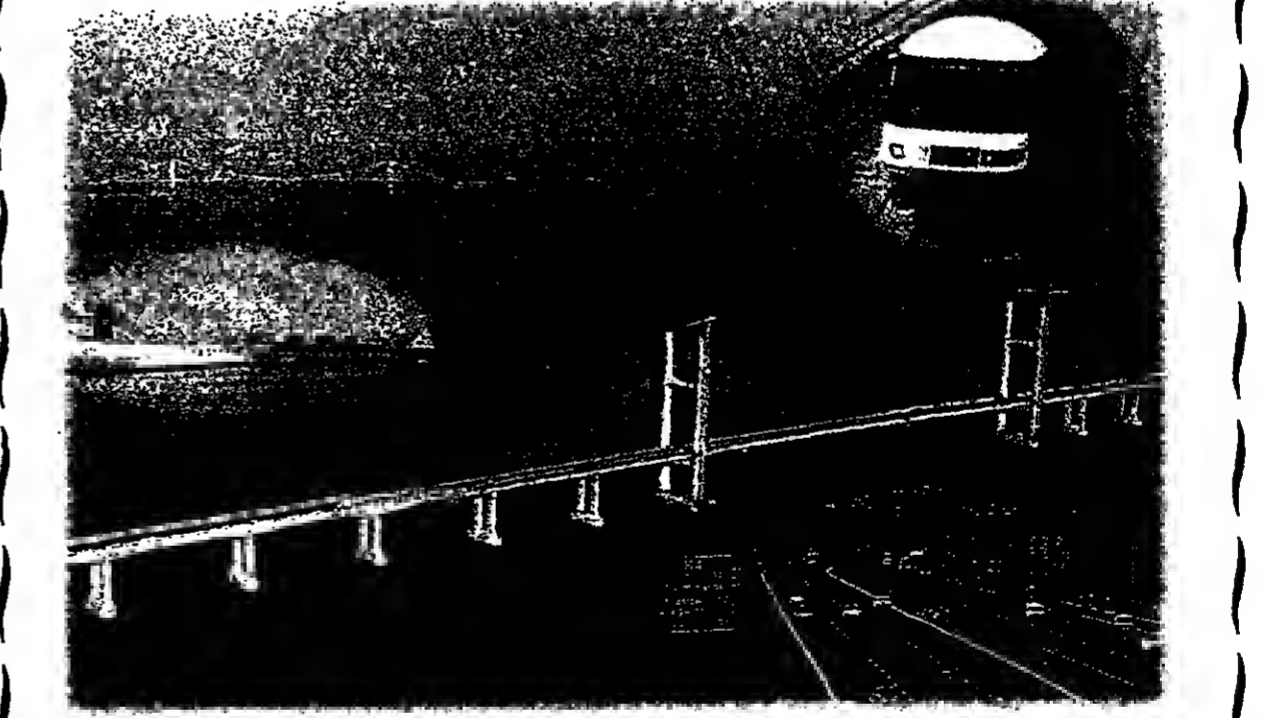
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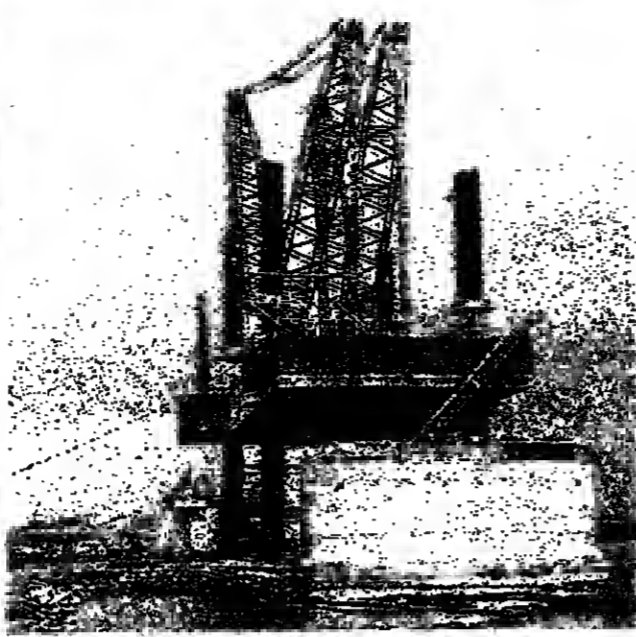
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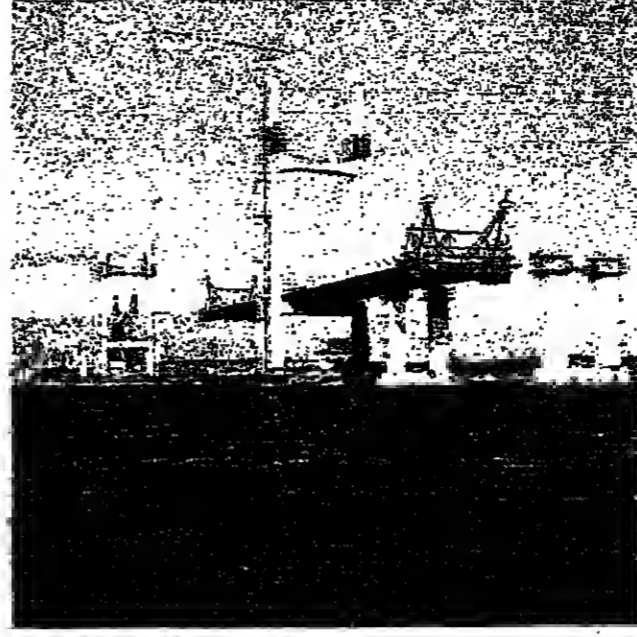
12 THE NEW SEVERN BRIDGE



STAGES IN CONSTRUCTION: the causeway at low tide



Crane 'Lisa A' lifts a caisson into position



One of the cable-stayed sections



Reinforcing the deck unit

HOW THEY BUILT IT: by Andrew Taylor

Bridge over troubled waters

Against all odds, the work was done within budget and with relatively few serious accidents

By any measure the construction of the new Severn Bridge has been an outstanding success.

The project has been delivered on time and within the original budget. The construction team will even have made "modest profit" on the work.

Until last week there had been only three serious accidents during construction - a record which compares quite favourably with other large UK civil engineering projects.

It has been a formidable accomplishment. The stretch of water crossed by the new bridge is one of the most hazardous in Britain.

The tide rises and falls more than 40ft between high and low water and the current runs at 16ft a second during peak flow.

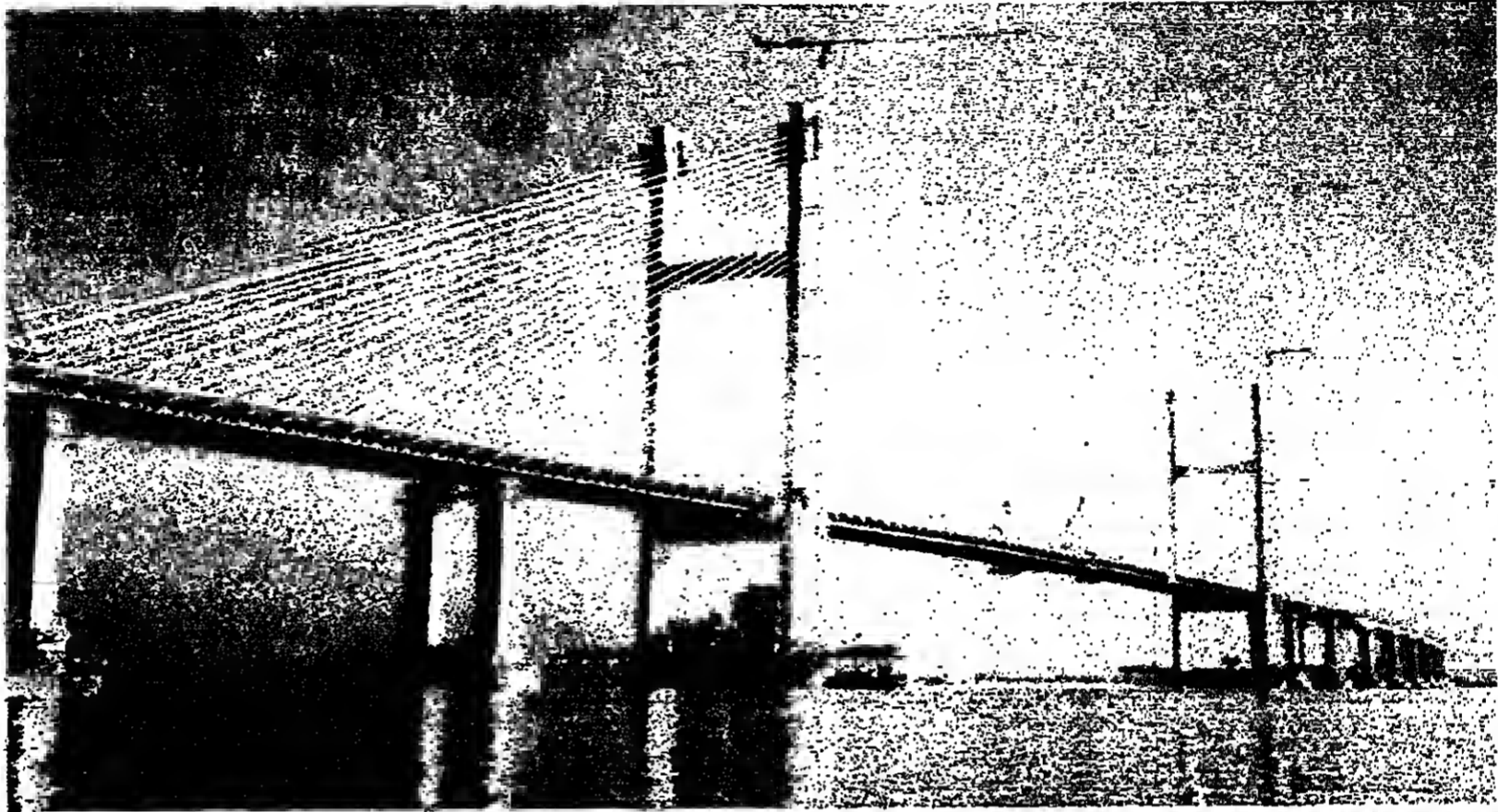
The tidal range is the second largest in the world, behind the Bay of Fundy in Nova Scotia, where spring tides rise and fall more than 45ft.

Yet many in the construction industry had feared that the construction team would be unable to meet the project's exacting financial and engineering targets.

John Laing and GTM Enterprise, the British and French construction companies, were heavily criticised by rivals for offering a cut price when they won the concession to build and operate the new Severn crossing in 1990.

The disappointed bidders, which included Trafalgar House, which had built the privately financed Dartford road toll-bridge across the River Thames, claimed Laing/GTM would be unable to build it for the price and that the project would suffer considerable cost over-runs.

"The difficulties of operating in such an exacting environment cannot be over-stated,"



The cable stayed bridge is structurally complete

says Ian Jamieson, operations manager. "It is not so much the tidal range but the speed of the current of up to 9 knots which makes conditions difficult." There was also the prob-

lem of strong winds which regularly force the existing Severn bridge to restrict traffic or even to close. "It always seems to be hit at bank holidays," says Jamieson.

The new bridge, designed by Halcrow/SEEC, the British and French consulting engineers, has a wind shield running its full length to ensure that one of the most important routes linking England and Wales is kept open, even in the worst conditions.

The contractors, to reduce the hazards of working in the open, decided to pre-fabricate as much as possible of the cable-stayed bridge in on-shore factory conditions.

Purpose built concrete plants costing a combined £30m were established on both shores to manufacture the bridge piers and superstructure as well as the massive concrete caissons each weighing up to 2,000 tonnes on which the crossing sits.

Huge jack-up barges were towed into position and legs lowered to the estuary floor to provide stability, while the caissons and bridge piers were lifted into place to an accuracy of 50mm, helped by satellite positioning equipment.

Construction was further complicated by the presence of the 110-year-old brick-lined Severn rail tunnel under the route of the new bridge on the English side of the estuary. Bridge piers were designed to transmit the structure's load to rock below the railway. Ground monitoring instruments have been installed in the tunnel to check for unusual movements.

The construction of the railway tunnel in the last century had liberated an underground water source called "The Great Spring" which produces 11m gallons a day, some of which is used in the nearby Whitbread brewery.

The designers and builders of the new bridge have had to ensure that the quality and flow of the water is not disturbed. Tests are conducted fortnightly and sent for analy-

sis to the brewery. Navigation of the estuary presented another difficult problem as the structure of the new and the old bridges would act as a barrier to radar signals

for ships, of up to 6,500 tonnes, using the river.

The solution has been to develop a new radar system using VHF radio signals from three strategically placed on shore radar stations. The system developed by dB Electronics of Bootle is now being exported to other parts of the world.

Much of the subsequent success of the design and construction of the bridge is due to the studies and work conducted by consulting engineers G Maunsell and W S Atkins appointed by the government in 1984 to investigate the possibility of building a new crossing.

Maunsell, which remains the government's agent for the project, was responsible for engineering and soil studies that established the concept for the bridge and identified some of the eventual construction solutions.

Ian Jamieson of Laing says the two years grace given to the consortium to prepare detailed designs, procure equipment and plan construction - while an Act of Parliament was passed to allow the project to start - proved invaluable.

The detailed designs and studies provided by Halcrow/SEEC meant that the contractors knew exactly what they would have to deal with and how problems were to be resolved.

"It is unusual to have so much time for preparation and the team took full advantage," says Jamieson. Another decision which reaped benefits, he says, was to employ directly all the 1,000 workers required for the job rather than sub-contract the work.

"This was technically more expensive in that we had to provide national insurance and other employee benefits but we gained in terms of loyalty and the quality of the workforce which I am convinced meant a lower overall cost," said Jamieson.

There were problems during construction, as with any large project, but these were mostly overcome.

At one stage, controls on a large gantry used to position sections of road deck went wrong, sending a deck unit in the wrong direction and damaging part of the completed roadway, which had to be replaced at a cost of several million pounds.

At the beginning of last year installation of the road deck was running 14 weeks late. A series of refinements to the process of putting the spans in place - "lots of small things, nothing spectacular" - meant that all of this leeway had been made up by the autumn.

Cynics may say that John Laing and GTM, each of which owns 35 per cent of the Severn River Crossing operating company, had every incentive to deliver on time and to budget. But this should not detract from a fine achievement.

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Teamwork: (l-r) Norman Heste, Laing-GTM's project director 1992-95, Vincent Vesval, construction manager, and David Nixon of Halcrow-SEEC

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COMPANIES AND FINANCE: EUROPE

MoDo damps pulp price hopes

By Hugh Carnegie in Stockholm

MoDo, the Swedish forestry products group, yesterday cast doubts on industry hopes that wood pulp prices were set to rebound from a recent collapse, as it reported a 28 per cent fall in first-quarter profits.

Mr Bengt Pettersson, chief executive, said he believed prices for pulp, the main raw material for most paper products, had reached bottom. The benchmark long-fibre pulp produced from European and North American forests, for example, had crashed from \$1,000 a tonne last September to below \$500.

Group sales were down 8 per cent from SKr5.7bn to SKr5.2bn, and operating profits fell from SKr1.4bn to SKr930m. The company noted, however, that group sales were slightly higher in the first quarter than in the fourth quarter of 1995, and profits were only 4 per cent below the level of the previous quarter.

MoDo's printing papers division returned a stronger performance during the period than in the first quarter last year, chiefly because of good demand for newspaper and uncoated magazine papers. Newsprint prices have risen strongly since a year ago, but MoDo warned of growing pressure on price levels.

NEWS DIGEST

New products drive 44% surge at SAP

SAP, the fast-growing German software group, yesterday reported 1995 net profits of DM406m (\$264.1m), a 44 per cent increase over a year earlier, and said it was upbeat about the remainder of 1996. "SAP has the strength and the ability to maintain its absolute leadership in the market for applied software," said Mr Dietmar Hopp, chief executive.

Creditanstalt urges group to lift bid

By Eric Frey in Vienna

Creditanstalt yesterday urged an international consortium to raise its bid for a majority stake in the Austrian state-owned bank, because of a sharp rise in its share price.

Mr Walter Fremuth, chairman of the supervisory board, said he expected the consortium led by EA-Generali, the Austrian subsidiary of the Italian insurer, to resume negotiations with the government over its 70 per cent voting interest.

close to GE Capital bought shares to prepare a bid by the US group for the bank. The price rise has put the consortium in a quandary. It has made the only official offer and enjoys strong political backing, but some of its members lack the resources to increase the bid.

The Swiss bank, which abandoned its own bid for Creditanstalt last year because of political opposition in Austria, was asked to put together a Schöbn underwriting consortium and to lead a secondary public offering for part of the government's stake. The sources said.

Thomson tube arm in AEG buy

Thomson Tubes Electroniques (TTE) is taking over the electronic tube business of AEG, the Daimler-Benz subsidiary, making it the world leader in the market with turnover of FF1.75bn (\$337.4m) and 2,500 employees. In payment, AEG will take a 12.5 per cent stake in TTE, a subsidiary of Thomson-CSF which, like other parts of the Thomson group, is slated for privatisation this year.

NOTICE OF PARTIAL REDEMPTION To the Holders of BANCO CENTRAL DE COSTA RICA Series B Interest Charge Bonds each dated May 21, 1990 (collectively, the "Interest Charge Bonds")

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Further support for Marseillaise de Crédit

By Andrew Jack in Paris

The French government yesterday announced FF868m (\$136m) in additional support for Société Marseillaise de Crédit, the state-owned regional banking group earmarked for privatisation.

FFr57m - after provisions on loans to small business and the property sector - after losses of FF1.25bn in 1994. The state said the new money was needed to allow the bank to reach internationally agreed solvency limits, and was conditional on measures being put in place to prepare it for a rapid sale.

A sale of the state's shares is being planned for this autumn by the new head of the bank. Mr Pierre Habib-Delencle, who took over after the abrupt departure of Mr Jean Matouk late last year.

shareholders' funds, it would fulfil its double role as a regional bank and a bank for the Mediterranean. The government this month stressed it would support the FF260bn in bonds issued by Crédit Foncier de France, a property lender which is quoted on the stock market and has top management appointed by the state.

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Image of a building with a large sign, and text: We are pleased to announce that J.P. Morgan has reached an agreement in principle with Computer Sciences Corporation (CSC), Andersen Consulting, AT&T Solutions, and Bell Atlantic Network Integration to form the Pinnacle Alliance - a strategic technology alliance created to supply key parts of Mrgan's global technology. The alliance - the first of its kind - is designed to expand our access to world-class technological resources, make technology costs more variable, and build J.P. Morgan's competitive strength as a leader in global finance. JPMorgan

Handwritten signature or stamp at the bottom of the page.

COMPANIES AND FINANCE: EUROPE

Model launch helps brighten BMW outlook

By Michael Lindemann in Bonn

BMW, the German motor group, has been boosted by the introduction of a new 5-series model, after disappointing sales in the first three months of this year. The company said yesterday April sales had shown marked improvement, underlining its optimistic forecasts for the rest of the 1996.

Mr Bernd Pischetsrieder, chief executive, told the annual meeting in Munich that the improved April figures were mainly due to the successful introduction of the new 5-series BMW. The changeover to the new model was blamed for slowing sales in the first three months.

Sales for the first four months rose 6 per cent to DM16.3bn (\$10.6bn), from DM15.4bn during the same period a year earlier. Mr Pischetsrieder said the "excellent" flow of new orders gave BMW every reason to be confident about the rest of the year.

BMW issued no figures for April, but Mr Klaus-Jürgen Meizner, analyst at Deutsche Bank in Frankfurt, estimated that the group had increased

Chargeurs unveils details of demerger

By Andrew Jack in Paris

Chargeurs, the French communications and textiles group, said yesterday its proposed demerger into two separate quoted businesses would be effective from June 24.

Pathé will take on its communications and media interests, including a 17 per cent stake in BSKyB and a 20 per cent stake in the CanalSatellite broadcasting network. It will receive net assets to the value of FF9.9bn (\$751.9m), after total debts of FF1.5bn. It made pro forma losses for 1996 of FF509m.

Chargeurs International,

which controls the textiles and surface coatings businesses, will take in net assets from the Chargeurs group of FF9.3bn, including debts of FF937m. It suffered pro forma losses for 1996 of FF655m.

Those assets or liabilities not clearly identified with one or the other of the two groups will be split, 54 per cent to Pathé and 46 per cent to Chargeurs International.

Under the deal's terms, announced earlier this year, existing investors will receive one Pathé share and one Chargeurs International share for each existing Chargeurs share.

Mr Jérôme Seydoux, chair-

Chargeurs demerger

Pro forma accounts FF m	1995	1994	1993
Total assets	10,504	10,087	8,613
Net profit (loss)	(65)	277	(252)

Pathé (communications)	1995	1994	1993
Total assets	7,370	7,171	6,128
New profit (loss)	(509)	67	155

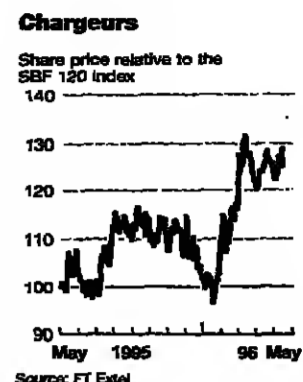
man, told a meeting of analysts yesterday that Chargeurs was a "strange animal", split between its textiles and media interests. This partly explained why its shares traded at a discount to its asset value.

He saw no reason why

which assets might be sold, although he said Chargeurs' remaining stake in Daocoo, the French agro-food group, was likely to be disposed of. Chargeurs has announced it wants to sell its Walon car distribution business.

Under the agreement reached with French tax authorities which allowed the demerger to take place, Mr Seydoux must retain his shareholding in the two groups for the next five years.

Mr Seydoux said he expected Libération, the left-wing daily newspaper in which his group now owns a 65 per cent interest, to return to break-even



during 1997. He said it was useful for Pathé to keep "a foothold" in the print media. However, if it did not meet financial targets, "measures" would need to be taken.

Ahold lifts first-quarter sales

By David Brown in Amsterdam

Ahold, the Dutch-based food retailer that operates in the Netherlands and the US, yesterday revealed a 10.9 per cent rise in first-quarter sales to F19.5bn (\$5.6bn). It said net profits had also advanced.

Ahold said operating results had climbed in all European and US operations, but declined to give details. Sales in the US advanced 15.8 per cent to \$2.8bn, while Dutch turnover was up 3 per cent to F1.44bn.

Mr Cees van der Hoeven, Ahold president, yesterday also outlined plans for expansion in east Asia, and said new pilot shops would be opened in Indonesia later this year and in Shanghai by early 1997. He said Ahold was in talks on the launch of supermarket operations in Thailand, Malaysia, and Singapore, with possible local partners.

Figures for Ahold's Stop & Shop acquisition in the US were not included in these figures. However, the deal, and an associated share issue,

should be finalised in 1996, Ahold said. The tender offer has been extended by two weeks to May 31 to allow the US Federal Trade Commission to complete a review of the deal. Ahold said the FTC had requested further information.

Earlier, Ahold reported progress on resolving disagreements with the International Brotherhood of Teamsters, the US union that has publicly criticised the company's plans to introduce a new distribution system at the possible cost of local jobs.

Agnellis agree Fiat stake buy

By Andrew Hill in Milan

IFI and IFI, the two quoted holding companies of the Agnelli family, have formally agreed to buy Alcatel Alsthom's 2 per cent stake in Fiat, the automotive and industrial group, for about L350bn (\$225m).

Alcatel, the French telecommunications and engineering group, indicated last year it was ready to sell the Fiat stake as part of a radical restructuring initiated by Mr Serge Tchuruk, the group's chairman. The

IFI and IFI will each acquire 1 per cent of Fiat, leaving IFI with a 19 per cent stake in the carmaker, and IFI with a 13.8 per cent stake. IFI owns just over 50 per cent of IFI.

Mr Giovanni Agnelli, honorary president of Fiat and chairman of IFI, said the transaction was an indication of IFI and IFI's confidence in Fiat's future. Last month, Fiat announced a fall in pre-tax profits for the first three months of this year and said operating margins were down on the same period of 1995.

Alcatel raised its Fiat stake to 2 per cent in 1993 when it bought 18m Fiat shares at L7,000 each as part of the L5,000bn cash-raising package which helped Fiat pull out of the recession.

Vattenfall and Statoil pounce on spun-off Hafslund

By Hugh Carnegy in Stockholm

Two of Scandinavia's biggest energy concerns - Norway's Statoil and Sweden's Vattenfall - pounced on the Norwegian hydro-power producer Hafslund on its first day as a stand-alone company yesterday, each buying a strategic stake.

The purchases were the latest moves in a rapid series of restructurings under way in the Nordic energy sector, following the deregulation of the Norwegian, Swedish and Finnish energy markets.

Statoil, the state-owned oil company, snapped up a 12.3 per cent stake and Vattenfall, the region's biggest electricity producer, bought a 10.1 per cent shareholding on the day Hafslund was listed on the Oslo house following the

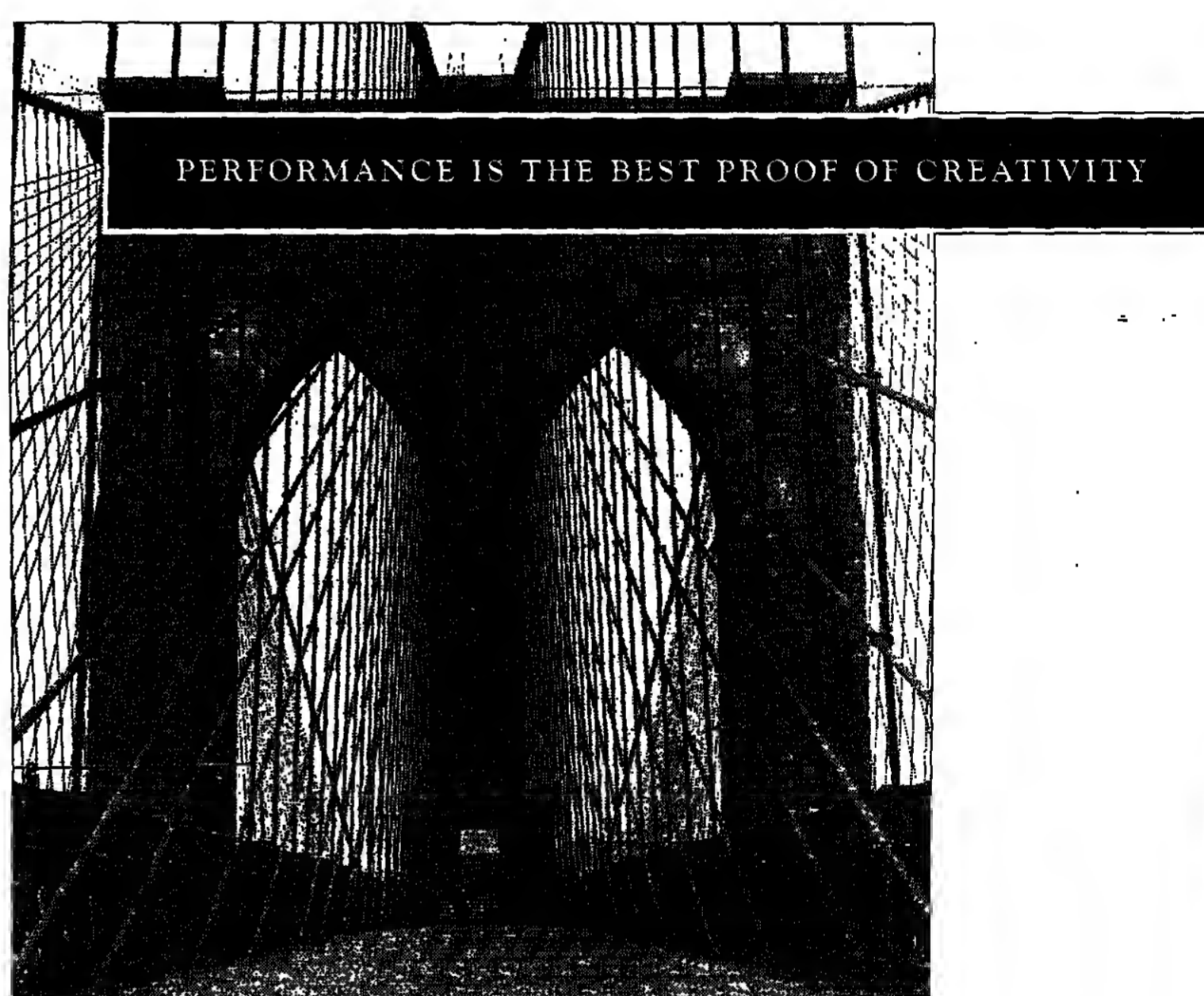
demerger of Hafslund Nycomed, Hafslund and Nycomed, the latter a pharmaceuticals group, were spun off to the old company's shareholders.

At yesterday's share price of NKR50, the Statoil purchase of 11.6m shares was worth NKR575m (\$87.3m). It had previously held a 1.1 per cent stake in Hafslund Nycomed.

Vattenfall declined to say how much it had paid for its shareholding, but said it was beneath the opening day market price.

Statoil said its stake in Hafslund, which produces 2.3 per cent of Norway's electricity consumption, was in line with its commitment to energy production and distribution.

Vattenfall, also state-owned, said it saw opportunities for joint projects and co-operation with Hafslund.



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INVESTOR AB

INVESTOR INTERNATIONAL PLACEMENTS LIMITED

NOTICE TO HOLDERS OF ECU 200,000,000 7% SECURED EXCHANGEABLE BONDS DUE 2001 ISSUED BY INVESTOR INTERNATIONAL PLACEMENTS LIMITED (THE "ECU BONDS") AND TO HOLDERS OF 8% CONVERTIBLE SUBORDINATED DEBENTURES DUE 2001 ISSUED BY INVESTOR AB (THE "SEK DEBENTURES")

On 14th May, 1996, the Annual General Meeting (the "AGM") of Investor AB ("Investor") resolved, inter alia, as follows:

- (i) to pay, in addition to an ordinary dividend of SEK 9 per Investor share, a special cash dividend of SEK 20 and to distribute one warrant per Investor share, five such warrants (the "Warrants") entitling the warrantholder to acquire one Series B-Share in Scania AB for SEK 180 during a three year period (all such dividends with a record date of 3rd June, 1996);
- (ii) to make certain amendments to the terms and conditions of the SEK Debentures to enable the conversion price to be recalculated following the resolutions referred to above; and
- (iii) to make further amendments to the terms and conditions of the SEK Debentures such that the period during which the shares issued upon conversion of the SEK Debentures are entitled to the dividends referred to above be extended to 24th May, 1996.

The above amendments to the terms and conditions of the SEK Debentures will also indirectly apply to the ECU Bonds. Holders of SEK Debentures are informed that if they wish to participate as shareholders in the ordinary dividend, special cash dividend and distribution of Warrants referred to above (the "Distributions"), they must file a request for conversion of their SEK Debentures with Skandinaviska Enskilda Banken at the address specified below no later than 24th May, 1996. Holders of ECU Bonds are informed that if they wish to participate as shareholders in the Distributions, they must file a notice of exchange of their ECU Bonds in accordance with the terms and conditions of the ECU Bonds with one of the Paying and Exchange Agents at the addresses specified below no later than noon (local time) on 23rd May, 1996.

The new conversion price and the new exchange price which are to apply to SEK Debentures and ECU Bonds, respectively, converted or exchanged (as the case may be) after the above deadline, will later also be based upon trading prices of Investor shares and the Warrants during a period following the AGM and will be determined in mid-July 1996. Such recalculated conversion price will be announced shortly after such determination.

Copies of the notice convening the AGM, the amendments to the terms and conditions of the SEK Debentures and the Information Memorandum concerning the Warrants will be available for inspection at the offices of the Paying and Exchange Agents and Skandinaviska Enskilda Banken specified below. Holders of the SEK Debentures should address any queries to Skandinaviska Enskilda Banken and holders of the ECU Bonds should address any other queries to the Paying and Exchange Agents.

Dated 15th May, 1996

Investor AB
Investor International Placements Ltd

Skandinaviska Enskilda Banken
Publika Emissioner
S-10640 Stockholm
Sweden

PAYING AND EXCHANGE AGENTS FOR THE BONDS

Morgan Guaranty Trust Company of New York
Avenue des Arts 35
1040 Brussels

Morgan Guaranty Trust Company of New York
60 Victoria Embankment
London EC4A 3DF

Banque Générale du Luxembourg S.A.
14 Rue Aldringen
L-2951 Luxembourg

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COMPANIES AND FINANCE: ASIA-PACIFIC

Fairfax tumbles 26% at nine months

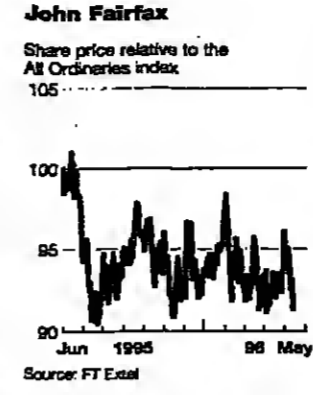
By Nikki Tait in Sydney

John Fairfax, the Australian newspaper publisher which has been the focus of long-running bid speculation, yesterday announced a 26.3 per cent fall in after-tax profits for the nine months to end-March...

new operations, notably the recently-acquired Australian Geographic magazine. The nine-month profits downturn was also exaggerated by higher interest charges...

quarter will prevail over the balance of fiscal 1996, and that the widely-anticipated post-election improvement will not be forthcoming in the short term.

John Fairfax Share price relative to the All Ordinaries Index, 105. Source: FT East



Strong yen shares blame for 12% fall at Aiwa

By Emiko Terazono in Tokyo

Aiwa, the Japanese audio manufacturer which is a subsidiary of Sony, the consumer electronics group, blamed the strong yen and tough price competition for a 12 per cent decline in recurring profits...

JAPANESE CORPORATE DIGEST

Daiwa House up 2% but upbeat on 1996

Daiwa House Industry, Japan's second largest house builder, yesterday reported a slower than expected profits recovery last year but forecast a stronger upturn in the current 12 months...

Nippondenso cost cuts 'paid off'

Nippondenso, the vehicle components maker, reported from results yesterday amid the continuing difficult environment in the Japanese vehicle industry...

Commonwealth Bank buy-back approved

By Nikki Tait

Shareholders in Commonwealth Bank, the Australian commercial bank, yesterday approved plans for a \$1bn (US\$800m) buy-back of about one-tenth of the group's equity...

be one of the largest undertaken in Australia. But while the buy-back scheme won't overwhelm backing at an extraordinary meeting in Sydney...

than in conjunction with the sale. A third wanted to know why shareholders should have to decide on the buy-back before knowing the terms of the government's sale.

before the end of July. Mr David Murray, managing director, also said that profit performance was on target: "We said at the half-year that our profit for the second half was likely to at least match the profit of the first half and we have no reason to vary that statement," he said.

before the end of March. The bank made A\$75.6m while "underlying profit" - excluding bad and doubtful debts, goodwill amortisation, as well as tax and abnormal - rose 19.7 per cent to A\$141.8m.

Westpac advances 17.7%

By Nikki Tait

Westpac yesterday opened the Australian banks' interim results season, reporting a 17.7 per cent increase in profits after tax in the six months to the end of March.

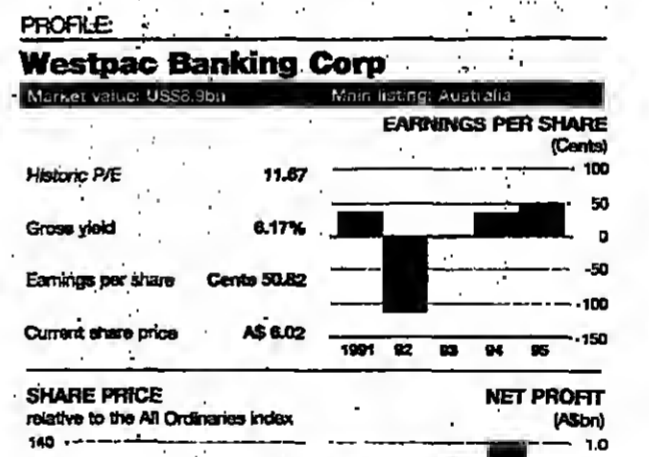
ago, while the interim dividend rose from 13 cents a share to 16 cents a share. The profits result came after a A\$70m provision for bad and doubtful debts, compared with a A\$220m charge last time.

ber, contributed A\$8m to after-tax profits. On a divisional basis, Westpac said operating profit from its main retail banking arm was down from A\$338m a year ago to A\$297m.

Market seeks reassurance about solidity of revival

Restructuring at Westpac seems to be making little difference to underlying figures, writes Nikki Tait

Bob Joss, the former Wells Fargo banker who was brought in as chief executive to sort out Westpac early in 1993, had a rather wary reception when he arrived in Australia. Three years on, it seems little has changed.



Bob Joss: figures can be seen as 'good steady progress'

Westpac is the country's oldest commercial bank, but it is also the one left in worst shape by plunging property prices and recession in the early 1990s. Against this background, then, yesterday's interim figures should have been warmly endorsed.

year." The Perth-based organisation has yet to be integrated into the Westpac network. In the final analysis, perhaps the market's most fundamental concern is that things will simply get tougher from here on.

Advertisement for the Republic of Venezuela, Fondo de Garantía de Depósitos y Protección Bancaria (FOGADE), and Banco de Venezuela SACA. Includes logos and text about a public auction of shares.

Advertisement for PETROBRAS U.S. \$250,000,000 Commercial Paper Program, listing various international banks and financial institutions.

Advertisement for Itochu arm in reinsurance move, mentioning Lloyd's of London and Cosmo Insurance.

Advertisement for NEWS DIGEST: Cost cuts and user growth boost PLDT, discussing the Philippine Long Distance Telephone Company's performance.

Advertisement for Thai broker doubles in quarter, mentioning General Finance & Securities and its performance.

Handwritten Arabic text at the bottom center of the page.

COMPANIES AND FINANCE: THE AMERICAS

MedPartners to acquire Caremark in \$2.5bn deal

By Lisa Branston in New York
MedPartners/Mullikin, the largest publicly-traded physician-management company in the US, is to buy Caremark International, a leading healthcare company, for about \$2.5bn in stock.

The deal is the latest in the consolidation that is sweeping the US healthcare sector, and the biggest in the rapidly growing area of physician practice management, which offers back-office services to small groups of doctors.

Caremark has physician-management operations in large cities around the US, including Chicago, Oklahoma City and Houston. It also has businesses that manage pharmaceutical and home health-care costs.

After the merger, MedPartners would have 7,350 affiliated doctors, or about two-thirds of the total number of doctors allied with publicly-traded physician-management groups.

The combined company would have annualised first-quarter revenue of about \$4.4bn. Only about 2 per cent of US doctors are allied with public-

ly-traded physician-management companies, but that is expected to expand quickly as the growth of managed health-care forces small groups of doctors to find less expensive ways of managing their businesses. Such companies provide administrative help, information systems, access to capital and assistance with negotiating contracts with insurers and managed care organisations, in exchange for a portion of the doctor's fees.

NEWS DIGEST

Tiger Management buys USAir stake

Tiger Management, a New York based investment group led by Mr Julian Robertson, a noted US hedge fund manager, has acquired nearly 11 per cent of the ordinary shares in USAir, the US carrier in which British Airways holds a minority stake. The holding was revealed in a filing to the Securities and Exchange Commission.

Tiger declined to comment on the reasons for its investment yesterday, and USAir said it did not comment on decisions taken by individual investors. But the stake-building comes just two weeks after Mr George Soros, one of the world's most influential investors, emerged as holder of a 5 per cent stake in USAir's publicly-traded series B preferred stock, which is convertible to common stock at the holder's option.

The moves indicate that the two see potential in USAir's stock. But a conflicting signal has come from Mr Warren Buffett, another influential investor, who last week moved to unwind his position in USAir by asking the airline to buy back his tranche of series A preferred stock. USAir's shares were off 5% at \$17 1/2 in early trading.

Second-term record for Deere

Deere, the Illinois-based agricultural and lawncare equipment maker, reported record earnings for the second quarter, led by a surge in exports and overseas sales. Net income for the quarter rose to \$272.7m, or \$1.03 a share, from \$237m, or 92 cents, in the same quarter of 1995. Sales for the period rose 10 per cent to \$3.08bn, from \$2.81bn a year ago. For the six months ended April 30, net income rose to \$438.9m, or \$1.67 a share, from \$375.5m, or \$1.45, for the first half of 1995.

Six-month worldwide sales rose 10 per cent to \$5.40bn, from \$4.89bn a year ago. The company said export sales from the US continued to strengthen, rising to \$723m in the first six months of the year, up 12 per cent from last year's \$645m. Overseas sales jumped 31 per cent from last year's first half, to \$1.2bn. The first phase of a \$187m sale of agricultural machinery to Ukraine will be completed in the third quarter.

Air Canada raises C\$157m

Air Canada has raised C\$157m (US\$114m) net from a secondary offering of 2.2m Class B shares of Continental Airlines of the US, representing a C\$126m gain, and will use the proceeds to reduce debt. It will retain 2.8m Continental B shares, or 10 per cent of the equity.

Mr Lamar Durrett, who took over as chief executive from Mr Hollis Harris at yesterday's annual meeting, said his top priority was to rebuild profitability through lowering debt and raising productivity.

Fed approves SBC move

Nearly a year after buying S. G. Warburg for \$860m (\$1.32bn), Swiss Bank Corporation has finally succeeded in overcoming US regulatory hurdles and integrating the New York operations of its acquisition.

SBC had run in to the Glass-Steagall Act, the US legislation which permits banks in the US to derive no more than 10 per cent of total revenues from the distribution and underwriting of corporate securities. The Federal Reserve has relaxed this condition in giving permission on Monday for the formation of SBC Warburg Inc. It ends SBC's anomalous ownership of two separate investment banking operations in the US. The merged US operations, which will be headed by Mr Simon Canning, a former SBC executive, will employ about 1,000 people.

Asarco sells 15% stake to end link with MIM Holdings

By Nikki Tait in Sydney and Kenneth Gooding in London

Asarco, the US metals group, has sold its 15 per cent shareholding in MIM Holdings, the Australian mining company, for US\$331.2m, ending a relationship between the two that dates back to the 1930s.

The disposal would result in an after-tax gain of \$50m, or 91 cents a share, Asarco said. The proceeds would be used to reduce debt, saving about \$21m in annual interest payments.

Mr Richard Osborne, Asarco chairman, said present market conditions in Australia, including a strong Australian dollar, allowed his company to accomplish the sale quickly and on attractive terms. Asarco would in future concentrate on

investments which it operated and managed directly. MIM told the Australian Stock Exchange that the shares were placed with "a broad range of Australian and international institutions".

According to local brokers, about 456m MIM shares were sold at A\$1.705 each shortly after the market closed last night, a significant discount on the price of A\$1.88 on Monday.

Between the mid-1930s and the 1960s, MIM was in effect controlled by Asarco, which provided most of the money for the development of the Mount Isa ore bodies in northern Queensland. MIM took a cross-holding in Asarco in the 1960s

and helped Asarco ward off a takeover threat from Mr Robert Holmes à Court, the Perth entrepreneur. MIM sold its Asarco holding in 1994 for A\$290m.

Asarco and MIM enlarged their association to include Teck, a Canadian mining company, and Metall Mining, then a subsidiary of Metallgesellschaft of Germany. Between them they took control of Caminco, another Canadian company, and by the end of the 1980s the loosely-associated group accounted for 8 per cent of western world copper production, 12 per cent of zinc production and 19 per cent of lead output. The association quickly broke up after Metallgesellschaft hit financial difficulties in 1994.

Asarco made clear a year ago that it was not satisfied with the performance of its investment in MIM, but said at that stage that it was not a seller, given the level of the MIM share price.

Shortly before then, the US group had taken up two boardroom positions at MIM - a move which was thought to reflect the US group's desire to keep a closer eye on MIM's performance. The Asarco representatives will now leave the MIM board.

Asarco is the second significant shareholder to sell its MIM stake in the past month. In mid-April, Inmet, as Metall Mining is now called, placed its 78m shares - less than 5 per cent of the equity - at about A\$1.903 each.



Richard Osborne: sale accomplished on attractive terms

Sony to buy US vehicle navigation specialist

By Michyo Nakamoto in Tokyo

Sony, the Japanese consumer electronics maker, is to acquire a US company which specialises in digital map technology for car navigation systems.

Sony of America will purchase Etak, a leading developer of software for car navigation systems, from News Corp, the Australian media and entertainment group, for an undisclosed sum.

The acquisition is expected to help Sony solidify its position in car navigation, which it sees as a promising sector.

Sony, which produces hardware for the systems, expects its car navigation business in the US to double this year.

Etak will continue to provide digital map software to other companies after the acquisition is completed, Sony said. The US company is aiming to cover the main metropolitan areas in the US and about 90 per cent of the US population within the next two years, it said.

Etak, which is also developing maps for the UK and Hong Kong, could provide Sony with an entry into those markets, although no specific plans have been made yet, Sony said.

Corning to spin off two businesses

By Tony Jackson in New York

Corning, the diversified US manufacturer, is to spin off its blood testing and pharmaceutical businesses as separate companies. Analysts said the two could have a combined value of more than \$3bn.

The businesses had revenues of \$2.1bn last year, contributing 38 per cent of Corning's sales and 28 per cent of profit before special charges.

The blood testing business, one of the biggest US laboratory chains with sales of \$1.6bn, has seen profits squeezed in recent years by pressure on US healthcare costs. Pre-tax profits last year

are thought to have been a little over \$90m, giving slender margins of about 5 per cent.

Corning had already said it would dispose of the business. Rumoured trade buyers had included SmithKline Beecham, one of Corning's biggest rivals.

However, Corning said yesterday the net returns from a tax-free spin-off were higher than could have been achieved through a trade sale.

The spin-off of the fast-growing pharmaceutical business, which specialises in contract R&D work for drug companies, is less expected. Corning said sales would be close to \$500m this year compared with some \$400m last

year, while pre-tax margins were more than 15 per cent.

The spin-off of the two businesses is seen as addressing two separate issues. With the laboratory business, Corning gets rid of a poor performer. With the pharmaceutical company, it hopes to highlight a growth business previously hidden within the group.

Corning's share price has performed poorly for several years.

Ms Kimberly Ritriero, an analyst at CS First Boston, estimated that the research business could be valued by the market at \$2.3bn, or \$10 a Corning share, while the laboratory business could be

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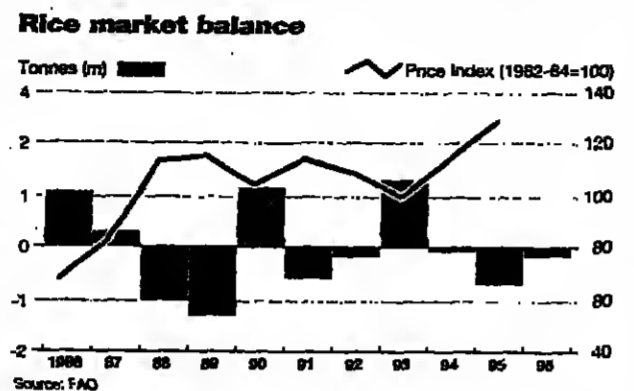
Deutsche Morgan Grenfell

COMMODITIES AND AGRICULTURE

Excess rice inputs 'costing \$2.5bn a year'

By Alison Maitland
Rice-producing countries in the developing world could save as much as \$2.5bn by cutting back on excess use of fertilisers and pesticides, according to a report from the UN's Food and Agriculture Organisation.

The world rice market is likely to remain tight this year, says the FAO. But the projected supply/demand shortfall of 200,000 tonnes is significantly lower than 1995's 700m tonnes.



Rice market balance
Tonnes (m) Price Index (1982-84=100)

The world rice market is likely to remain tight this year, says the FAO. But the projected supply/demand shortfall of 200,000 tonnes is significantly lower than 1995's 700m tonnes.

Statistics bureau identifies problems with copper data

By Kenneth Gooding, Mining Correspondent
The World Bureau of Metal Statistics, whose data are used by many international metals market analysts, has identified some of the reasons copper market statistics have been unreliable for several years.

Statistics bureau identifies problems with copper data
The United Nations-sponsored International Copper Study Group has organised a seminar in June as part of a global effort to ensure copper market statistics are more reliable in future.

At least 99 gold mine closures forecast by 2000

By Kenneth Gooding, Mining Correspondent
At least 99 gold mines outside South Africa will permanently close in the next three and a half years, between them they are producing an annual 197 tonnes of 633m Troy ounces of gold.

Forecast Net Changes in Annual Capacity (tonnes)
Table with columns for 1996, 1997, 1998, 1999 and rows for US, Canada, Australia, Rest of World, Total.

At least 99 gold mine closures forecast by 2000
The net effect is that, whereas mined gold output outside of South Africa can be expected to increase by 125 to 128 tonnes this year and by 151 to 161 tonnes in 1997, production is likely to fall by up to 12 tonnes in 1998 and by 44 tonnes the following year.

Anglo ready to spend \$70m on reopening Zaire zinc mine

By Kenneth Gooding
Anglo American Corporation of South Africa is ready to spend US\$70m towards re-opening the Kipushi zinc mine in Zaire, which is the eighth largest in the world, with an annual output of 80,000 tonnes of the metal.

Anglo ready to spend \$70m on reopening Zaire zinc mine
The Kipushi mine, in Shaba Province near the border with Zambia, was estimated in 1991 by the CRU International consultancy group to be the second-lowest cost zinc producer in the world with cash costs of only 1.16 US cents a pound.

Uranium production boost planned

By Robert Gibbins in Montreal
2005 to meet strong demand from nuclear generators.

Uranium production boost planned
The world's biggest uranium producer, Cameco, plans to raise capacity by 50 per cent by 2005 to meet strong demand from nuclear generators.

COMMODITIES PRICES

BASE METALS
LONDON METAL EXCHANGE
Prices from Amalgamated Metal Trading
Table with columns for metal type, price, and change.

Precious Metals continued
GOLD COMEX (100 Troy oz. \$/troy oz.)
Table with columns for date, price, and change.

GRAINS AND OIL SEEDS
WHEAT LCE (\$/cwt)
Table with columns for date, price, and change.

SOFTS
COCOA LCE (\$/troy)
Table with columns for date, price, and change.

MEAT AND LIVESTOCK
LIVE CATTLE CME (40,000 lbs. cwt/ton)
Table with columns for date, price, and change.

PRECIOUS METALS

LONDON BULLION MARKET
Table with columns for metal type, price, and change.

ENERGY

CRUDE OIL NYMEX (42,000 US gal. \$/barrel)
Table with columns for date, price, and change.

INDICES

FTSE 100
Table with columns for date, price, and change.

CROSSWORD

Crossword puzzle grid and clues. Clues include: 1 The viewpoint of a party retaining power (6), 2 Dices unexpectedly at sea - terrible illusion (7), 3 They buy most new cures, anyway, but come out (9), 4 A love affair with Othello, say (5), 5 So I trot off to prepare the food (7), 6 A flush from exhalation (9), 7 Believing pompously when playing a supporting role (9), 8 What controls the jet of water? (5,4), 9 Vulgar rephrase from which you'll profit little (3,6), 10 A beauty, as breakers go? (7), 11 The pudgy dancing (5), 12 Heard 'break point' and 'sea' (6), 13 Nicks it and beats it (5), 14 The horse is given money to pay the bill (10), 15 Not having the sense to grab you (7), 16 A funny clue about a mixed bar that could be made better (7), 17 Heard 'break point' and 'sea' (6), 18 Stop bowing and don't be so formal (6), 19 She dreamt the pot caught in a lie (5), 20 Rings the ball and tries to persuade one to (7).

US Treasuries higher as inflation fears subside

By Lisa Branstetter in New York and Samer Iskandar in London

US Treasury prices were higher in early afternoon trading yesterday as weaker than expected April figures on the Consumer Price Index and retail sales eased fears about the potential for inflationary pressures to emerge.

German bunds rallied on the back of bullish Treasuries. Life's June bund future closed at 98.70, up 0.48 in the cash market.

Italian bonds had a third consecutive positive session on expectations of the formation of a new government but BTBs closed off their highs on profit-taking.

GOVERNMENT BONDS

The strength of the US dollar against the D-Mark was also a positive factor. In the cash market, the 10-year benchmark BTP closed at 99.77, up 0.32.

widened to 3 basis points from 1 point on Monday.

Spanish bonds rose despite the release of stronger than expected consumer price data. The June bond future settled up 0.13 at 98.57.

beyond [Euro-related] political analysis alone, and it is rooted in more basic macroeconomic fundamentals.

Economists at Bridgewater believe inflationary pressures to be moderate and suggest that the French and Italian central banks "have more easing room than the Bundesbank and that at current levels French and Italian bonds are close to fairly valued relative to German yields".

Spanish bonds rose despite the release of stronger than expected consumer price data. The June bond future settled up 0.13 at 98.57.

Italian bonds to be made strippable

By Antonia Sharpe

The Italian Treasury is set to authorise the "stripping" of Italian government bonds from next year. The move is part of a broader reform of the Italian government bond market aimed at decreasing Italy's borrowing costs.

strips markets and the UK is due to introduce strips some time next year.

Stripping is the process of separating a coupon-bearing bond into its individual coupon and principal payments, which can then be separately held and traded in their own right as zero-coupon bonds.

Sparkling debut by Wachovia Bank of North Carolina

By Antonia Sharpe

Wachovia Bank of North Carolina, the most highly-rated bank in the US after Morgan Guaranty, made a sparkling debut in the eurobond market yesterday when it raised \$500m through an offering of five-year floating-rate notes.

the pricing had been arrived at after discussions with investors and added that it was unrealistic to expect a new borrower to achieve the same pricing as better-known issuers.

Wachovia is the latest US bank to diversify its investor base by tapping the international bond markets. The eurobond market is currently offering several weeks to promote itself and its strong double-A credit to investors in the eurobond market, the offering sold out quickly.

Y200bn through a 10-year global bond offering.

However, unlike the World Bank's offering, more than half of which was sold into Japan, there was only limited Japanese interest in Fannie Mae's bonds because of the small pick-up over the yield on Japanese government bonds.

NEW INTERNATIONAL BOND ISSUES

Table with columns: Borrower, Amount, Coupon, Price, Maturity, Fees, Spread, Book-runner. Includes entries for US DOLLARS, D-MARKS, ITALIAN LIRE, and AUSTRALIAN DOLLARS.

Cades loan expected to set record in pricing

By Samer Iskandar

The FF70bn loan to Cades, the French governmental institution created to manage the accumulated debts of the social security system, is likely to set a record in pricing.

take on up to FF20bn, leaving around FF50bn to be raised in syndication.

BNP and UBS will be joint book-runners; J.P. Morgan will be in charge of documentation; CNCA will be facility agent; and Dresdner and NatWest will be arrangers.

WORLD BOND PRICES

Table with columns: Country, Coupon, Bid, Offer, Price, Yield, Week ago, Month ago. Includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Spain, UK Gilts, US Treasury, ECU (French Govt).

BUND FUTURES OPTIONS (LIFE) DM250,000 units of 100%

Table with columns: Strike, Price, Call, Put, Change, High, Low, Est. vol, Open int. Includes sections for Italy, Spain, and Japan.

FT-ACTUARIES FIXED INTEREST INDICES

Table with columns: Index, Index, Index, Index, Index, Index. Includes UK Gilts, FT Actuaries Fixed Interest Indices, FT Fixed Interest Indices.

GILT EDGED ACTIVITY INDICES

Table with columns: Index, Index, Index, Index, Index, Index. Includes Gilt Edged Bargains, Gilt Edged Activity Indices, FT/ISMA International Bond Service.

US INTEREST RATES

Table with columns: Rate, Rate, Rate, Rate, Rate, Rate. Includes Treasury Bills and Bond Yields.

BOND FUTURES AND OPTIONS

Table with columns: Country, Coupon, Bid, Offer, Price, Yield, Week ago, Month ago. Includes France, Germany, UK Gilts.

US TREASURY BOND FUTURES (CBT) \$100,000 units of 100%

Table with columns: Open, Last, Change, High, Low, Est. vol, Open int.

FT/ISMA INTERNATIONAL BOND SERVICE

Table with columns: Issued, Bid, Offer, Chg, Yield. Includes US DOLLAR STRAIGHTS, EURO BOND STRAIGHTS, JAPAN GOVT BOND STRAIGHTS.

CONVERTIBLE BONDS

Table with columns: Issued, Bid, Offer, Chg, Yield. Includes various convertible bond listings.

UK GILTS PRICES

Table with columns: Issue, Bid, Offer, Price, Yield, Week ago, Month ago. Includes various UK Gilt listings.

Other Fixed Interest

Table with columns: Issued, Bid, Offer, Chg, Yield. Includes various fixed interest listings.

DEUTSCHE MARK STRAIGHTS

Table with columns: Issued, Bid, Offer, Chg, Yield. Includes various Deutsche Mark listings.

FLUORINATED BONDS

Table with columns: Issued, Bid, Offer, Chg, Yield. Includes various fluorinated bond listings.

CURRENCIES AND MONEY

MARKETS REPORT

Buoyant US asset prices help push dollar higher

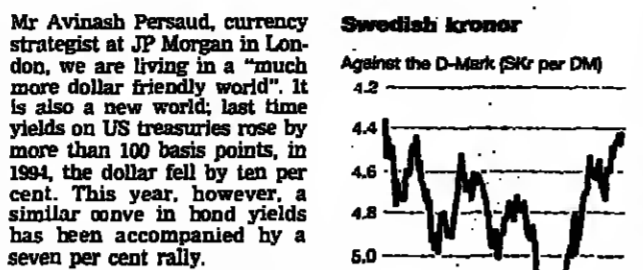
By Philip Gawth

The dollar yesterday rallied... against the D-Mark following the release of weaker than expected US inflation and retail sales data...

It was also helped by general D-Mark weakness, prompted in part by concern over labour unrest in Germany...

Elsewhere, the lira and Swedish krona were the main beneficiaries of the weaker D-Mark...

Markets were generally quiet, with attention focused on the release of the US trade figures at the end of the week...



Swedish krona Against the D-Mark (SEK per DM) The dollar is supported by higher yields and that makes the outlook for the currency more favourable...

freeze, but the public sector union is pushing for a 4.5 per cent increase. The government's choice is between backtracking...

Mr Lewis argues that European firms and bond markets have made the mistake of "equating the undoubted truth that EMU will eventually depend on political decisions with the belief that it is a done deal..."

He advances the Machiavelian thesis that "Instead of actively resisting the introduction of the Euro, many Bundesbank officials have decided to encourage a gradual devaluation of the D-Mark..."

WORLD INTEREST RATES

Table of Money Rates for various countries including Belgium, France, Germany, Italy, Netherlands, Switzerland, and the US.

Table of LIBOR FT London Interbank Funding rates for various currencies and terms.

EURO CURRENCY INTEREST RATES

Table of Euro Currency Interest Rates for various countries and terms.

ROUND SPOT FORWARD AGAINST THE POUND

Table of Round Spot Forward Against the Pound for various countries and currencies.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table of Dollar Spot Forward Against the Dollar for various countries and currencies.

CROSS RATES AND DERIVATIVES

Table of Exchange Cross Rates for various countries and currencies.

EMIS EUROPEAN CURRENCY UNIT RATES

Table of EMIS European Currency Unit Rates for various countries and currencies.

UK INTEREST RATES

Table of UK Interest Rates for various terms and currencies.

NON ERM MEMBERS

Table of Non ERM Members interest rates for various countries.

LONDON MONEY RATES

Table of London Money Rates for various currencies and terms.

SHORT STERLING OPTIONS (LIFE) £500,000 points of 100%

Table of Short Sterling Options for various terms and currencies.

BASE LENDING RATES

Table of Base Lending Rates for various banks and currencies.

EURO CURRENCY OPTIONS (LIFE) £100,000 points of 100%

Table of Euro Currency Options for various terms and currencies.

EURO CURRENCY OPTIONS (LIFE) £100,000 points of 100%

Table of Euro Currency Options for various terms and currencies.

EURO CURRENCY OPTIONS (LIFE) £100,000 points of 100%

Table of Euro Currency Options for various terms and currencies.

European Investment Bank NLG 500,000,000 Floating Rate Bonds 1992 due May 15, 2002. Includes Rabobank Nederland contact information.

Fast Fills. Low Commissions. Rabobank Nederland advertisement for trading services.

\$30,000,000 Sunshine Precious Metals, Inc. advertisement for precious metal trading.

Financial information service advertisement for Mikun's Credit Ratings.

NATIONAL BANK OF CANADA USD 200,000,000 Floating Rate Notes due 2001 advertisement.

CITICORP U.S. \$250,000,000 Guaranteed Floating Rate Subordinated Capital Notes advertisement.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing companies in the Alcoholic Beverages sector, including names like Diageo and their respective share prices.

CHEMICALS

Table listing companies in the Chemicals sector, including names like ICI and their respective share prices.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing companies in the Electronic & Electrical Equipment sector, continuing from the previous page.

EXTRACTIVE INDUSTRIES - Cont.

Table listing companies in the Extractive Industries sector, continuing from the previous page.

HEALTH CARE - Cont.

Table listing companies in the Health Care sector, continuing from the previous page.

INVESTMENT TRUSTS - Cont.

Table listing Investment Trusts, including names like British Land and their respective share prices.

BANKS, MERCHANT

Table listing companies in the Banks, Merchant sector.

DISTRIBUTORS

Table listing companies in the Distributors sector.

ENGINEERING

Table listing companies in the Engineering sector.

HOUSEHOLD GOODS

Table listing companies in the Household Goods sector.

INSURANCE

Table listing companies in the Insurance sector.

INVESTMENT TRUSTS

Table listing Investment Trusts, including names like British Land and their respective share prices.

BANKS, RETAIL

Table listing companies in the Banks, Retail sector.

DIVERSIFIED INDUSTRIALS

Table listing companies in the Diversified Industrials sector.

ENGINEERING - Cont.

Table listing companies in the Engineering sector, continuing from the previous page.

FOOD PRODUCERS

Table listing companies in the Food Producers sector.

HEALTH CARE

Table listing companies in the Health Care sector.

INVESTMENT TRUSTS SPLIT CAPITAL

Table listing Investment Trusts Split Capital, including names like British Land and their respective share prices.

BREWING, PUBS & REST

Table listing companies in the Brewing, Pubs & Rest sector.

BUILDING & CONSTRUCTION

Table listing companies in the Building & Construction sector.

ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector.

GAS DISTRIBUTION

Table listing companies in the Gas Distribution sector.

HEALTH CARE

Table listing companies in the Health Care sector.

INVESTMENT TRUSTS

Table listing Investment Trusts, including names like British Land and their respective share prices.

BUILDING MATS. & MERCHANTS

Table listing companies in the Building Mats. & Merchants sector.

ELECTRICITY

Table listing companies in the Electricity sector.

ENGINEERING - Cont.

Table listing companies in the Engineering sector, continuing from the previous page.

EXTRACTIVE INDUSTRIES

Table listing companies in the Extractive Industries sector.

HEALTH CARE

Table listing companies in the Health Care sector.

INVESTMENT TRUSTS

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ENGINEERING, VEHICLES

Table listing companies in the Engineering, Vehicles sector.

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Advertisement for Hewlett-Packard featuring the HP logo, the text 'HEWLETT PACKARD Print leader, performance servers, managed desktops.', and 'Computacenter' logo.

Handwritten Arabic text at the bottom center of the page: "هنا من الاعلى"

150

LONDON SHARE SERVICE

INV TRUSTS SPLIT CAPITAL - Cont.

Table listing various investment trusts with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

OTHER FINANCIAL - Cont.

Table listing other financial companies with columns for Name, Price, and % Change.

PROPERTY - Cont.

Table listing property companies with columns for Name, Price, and % Change.

SUPPORT SERVICES - Cont.

Table listing support services companies with columns for Name, Price, and % Change.

AMM - Cont.

Table listing AMM (American, Canadian, South African) companies with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

OIL EXPLORATION & PRODUCTION

Table listing oil exploration and production companies with columns for Name, Price, and % Change.

PHARMACEUTICALS - Cont.

Table listing pharmaceutical companies with columns for Name, Price, and % Change.

RETAILERS, GENERAL - Cont.

Table listing general retailers with columns for Name, Price, and % Change.

TOBACCO

Table listing tobacco companies with columns for Name, Price, and % Change.

TRANSPORT

Table listing transport companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing leisure and hotel companies with columns for Name, Price, and % Change.

OTHER FINANCIAL

Table listing other financial companies with columns for Name, Price, and % Change.

PROPERTY

Table listing property companies with columns for Name, Price, and % Change.

SUPPORT SERVICES

Table listing support services companies with columns for Name, Price, and % Change.

WATER

Table listing water companies with columns for Name, Price, and % Change.

AMM

Table listing AMM (American, Canadian, South African) companies with columns for Name, Price, and % Change.

Templeton advertisement: Seeking out under-valued investments across the globe. HOW TO INVEST THE TEMPLETON WAY. AS EXPLAINED BY THE UGLY DUCKLING.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Index, a member of the Financial Times Group. Company classifications are based on those used by the FT-SE Actuaries Share Index.

FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4378 for more details.

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various fund units with columns for fund name, price, and change. Includes funds like Fidelity Growth Fund Ltd and Fidelity Income Fund Ltd.

BERMUDA (REGULATED)**

Table listing regulated fund units in Bermuda, including Fidelity Growth Fund Ltd and Fidelity Income Fund Ltd.

GUERNSEY (SIB RECOGNISED)

Table listing fund units in Guernsey, including Fidelity Growth Fund Ltd and Fidelity Income Fund Ltd.

IRELAND (SIB RECOGNISED)

Table listing fund units in Ireland, including Fidelity Growth Fund Ltd and Fidelity Income Fund Ltd.

IRELAND (REGULATED)**

Table listing regulated fund units in Ireland, including Fidelity Growth Fund Ltd and Fidelity Income Fund Ltd.

ROYAL BANK OF CANADA QVS FUND LTD - Contd.

Table listing units for Royal Bank of Canada QVS Fund Ltd.

GUERNSEY (REGULATED)**

Table listing regulated fund units in Guernsey.

GUERNSEY (SIB RECOGNISED)

Table listing fund units in Guernsey.

IRELAND (SIB RECOGNISED)

Table listing fund units in Ireland.

IRELAND (REGULATED)**

Table listing regulated fund units in Ireland.

LET Asset Management Ltd

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Bank of Ireland Asset Mgrs - Contd.

Table listing units for Bank of Ireland Asset Mgrs.

Bank of Ireland Asset Mgrs - Contd.

Table listing units for Bank of Ireland Asset Mgrs.

ISLE OF MAN (REGULATED)**

Table listing regulated fund units in the Isle of Man.

JERSEY (SIB RECOGNISED)

Table listing fund units in Jersey.

JERSEY (REGULATED)**

Table listing regulated fund units in Jersey.

RYVESCO International Limited

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Fidelity Funds (a)

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S-E-Bank Luxembourg SA - Contd.

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S-E-Bank Luxembourg SA - Contd.

Table listing units for S-E-Bank Luxembourg SA.

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FT MANAGED FUNDS SERVICE

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 873 4376 for more details.

Handwritten note: 27/11/96

Table of fund prices and performance data, including columns for fund name, price, and change.

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OTHER OFFSHORE FUNDS

OFFSHORE INSURANCES

MANAGED FUNDS SERVICE
Price and performance information for various funds, including details on currency and investment strategy.

LONDON STOCK EXCHANGE

MARKET REPORT

Stocks shrug off another assault on utilities

By Steve Thompson, UK Stock Market Editor
More evidence that inflationary pressures in the US are under control induced another powerful display by Wall Street yesterday...

highest levels, lifted by a strong performance by US Treasury bonds. Sentiment in mid-morning was also given a severe testing by another large sell-off in utilities...

The preponderance of utilities in the second-tier index, the FT-SE Mid 250, weighed heavily on that measure, which was always in the red. It eventually settled 2.6 points off at 4,508.8.

Marketers were reassured by Wall Street's latest excellent showing which saw the Dow Jones Industrial Average up some 30 points shortly after the start of trading. The expiry of FT-SE 100 index options on Friday is seen as bullish...

was "most unlikely". He added: "A rise in US rates might occur this year, but not yet." PowerGen was one of the market's poorest performers during the morning but raced up late in the day...

FT-SE-A All-Share Index

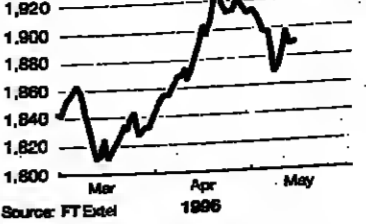


Table with 2 columns: Index Name and Value. Includes FT-SE 100, FT-SE Mid 250, FT-SE-A All-Share, and FT-SE-A All-Share yield.

Table with 2 columns: Sector and Value. Lists best performing sectors like Oil, Extractive Industries, and Worst performing sectors like Utilities, Water, Electricity.

Equity shares index

Table with 2 columns: Index Name and Value. Lists various equity indices such as FT Ordinary index, FT-SE-A Non Fin p/e, FT-SE 100/Fin, etc.

PowerGen payout hopes

News that PowerGen is bringing forward its annual figures, and selling its 80.3m share stake in Midlands Electricity, prompted speculation of a sizeable payout to shareholders.

Sector specialists believe that the company will return between 50p to 100p a share to investors, possibly in the form of a share buyback or special dividend.

Gas again active

Heavy turnover continued in British Gas, with volume boosted by what appeared to be the other side of a tax-related, or "bed and breakfast", deal before official trading began.

exchanged at 180p a share. They contributed to the day's total of 83m, as the latest sales from the regulator continued to make its impact.

British Gas fell a further 6 to 195p. Some brokers have been arguing that there is little value in the stock until it comes down to 180p. However, others are beginning to take a more optimistic stance...

Caradon gained 12 to 232p. Its annual meeting statement was cautious, but there was an obvious relief factor. Mr Howard Seymour, BZW analyst, said the risk of profit downgrades had been substantially reduced.

Earlier hopes for some good news on pricing from Ofwat have begun to fade fast as a result of the tough stance taken by the regulators of British Gas.

Wall Street strength and encouraging news from the sector spun sentiment around. The Marley annual meeting gave clear hints of a significant upturn in demand in the second half of this year.

General Accident benefited from a well received set of figures and the shares added 19p at 654p. As expected, profits were hit by a spike of bad weather claims but there were pointers that the surplus assets, or orphan estate, were worth around 10m and the net asset value 651p a share.

Although its results were in line with expectations, Allied Domestec received 5 to 497p following the meeting with analysts. Some big investors switched to Guinness, which nudged up 3 to 485p.

Shares in Tesco rose 7 to 267p in solid business which brought turnover of 8.7m by the close of the session. UBS, the company's broker, continues to be a fan of the shares, believing it is the cheapest stock within the sector.

Goldsmiths, the jeweller, rose 12 to 312p following news at its AGM that sales were up 11 per cent on a like-for-like basis. Kleinwort Benson moved from buy to hold on the stock, urging clients to take profits following the recent strong run for the shares.

Profit warnings hit Hodder Headline, the publisher, and Wace, the printer. They weakened 36 to 224p and 44 to 223p respectively.

Shares in J. Sainsbury also put in a solid performance, gaining 9 to 387p in some 4.5m deal. However, a combination of general profit-taking and some nervousness ahead of today's final figures from Argyll Group prompted a decline in the stock.

Argos rose 7 to 662p. Dixons, which jumped 12 to 490p, was a major beneficiary, with the consortium specifically mentioning a substantial increase in sales of personal computers.

General investment buying boosted activity among leading food retailers. Shares in Tesco rose 7 to 267p in solid business which brought turnover of 8.7m by the close of the session.

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FUTURES AND OPTIONS

Table with 4 columns: Index Name, Open, Settle, Change. Lists FT-SE 100 INDEX FUTURES and FT-SE MID 250 INDEX FUTURES.

Table with 4 columns: Index Name, Open, Settle, Change. Lists FT-SE 100 INDEX OPTIONS and EURO STOXX FT-SE 100 INDEX OPTION.

TRADING VOLUME

Table with 2 columns: Major Stocks Yesterday. Lists companies like Astra Group, British Gas, and their trading volumes.

Advertisement for Satori Electric Co., Ltd. Convertible Bonds due 2002. Notice of Stock Split and Adjustment of Conversion Price. Includes details of the split and conversion price.

Advertisement for BCEN-EUROBANK 75th ANNIVERSARY. The Annual General Meeting of shareholders of BANQUE COMMERCIALE POUR L'EUROPE DU NORD - EUROBANK.

Advertisement for FT-SE Actuarial Share Indices and The UK Share Index. Lists various indices and their performance.

Advertisement for GROUPE PARIBAS. Group Paribas plans offer for shares in Compagnie Financière Ottomane. Includes details of the offer and the company's financials.

Advertisement for BANQUE NATIONALE DE PARIS. Programme for the issuance of Debt Instruments. Includes details of the programme and the bank's information.

WORLD STOCK MARKETS

Market movements in Europe, Asia, and the Americas, including indices and individual stock prices.

Table with columns for region (e.g., EUROPE, ASIA), stock name, price, and change.

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Advertisement for Rockwell automotive component systems, featuring the text 'In the world of automotive component systems, Rockwell is world class' and the Rockwell logo.

INDICES

Table of stock indices for various regions including Europe, Asia, and the Americas.

INDEX FUTURES

Table of stock index futures prices and movements.

US INDICES

Table of US stock indices including Dow Jones, S&P 500, and NASDAQ.

NEW YORK STOCKS

Table of individual stock prices and movements in New York.

AUSTRALIA (May 14 / Aus\$)

Table of Australian stock prices and movements.

TOKYO - MOST ACTIVE STOCKS

Table of the most active stock prices in Tokyo.

Footnote and disclaimer text at the bottom of the page.

4 pm close May 14

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock name, price, change, and volume. Includes sections for NYSE, NASDAQ, and various market indices.

Advertisement for Hewlett-Packard featuring the text 'Perfect synergy' and 'If the business decisions are yours, the computer system should be ours.' Includes the HP logo and website URL.

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Continued on next page

Handwritten note: 21/11/95

NYSE PRICES

Table of NYSE stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'Continued from previous page', 'V', 'W', 'T', 'U', and 'X-Y-Z'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'L', 'S', 'M', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

AMEX PRICES

Table of AMEX stock prices including columns for stock name, price, change, and volume. Includes sub-sections for 'A', 'B', 'C', 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

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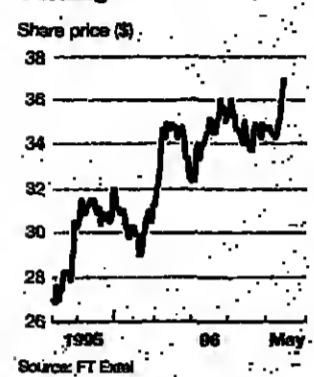
AMERICA Further data bolster rise in equities

US share prices were higher in mid-session trading following the publication of economic data which showed that inflationary pressures remained in check, writes Lisa Branstetter in New York.

At 1 pm the Dow Jones Industrial Average was 25.11 stronger at 5,607.71, the Standard & Poor's 500 had risen 2.82 to 664.33 and the American Stock Exchange composite had gained 1.97 at 559.23. Volume on the NYSE came to 270m shares.

Investors in both the stock and bond markets welcomed the weaker than expected figures on both the consumer price index and retail sales. In

Wall Street



early trading, the yield on the benchmark 30-year Treasury bond fell below 6.9 per cent for the first time in two weeks. That helped ease the fears of equity investors who had been worried that rising long term interest rates would hurt profit growth and attract money out of equities and into bonds.

Mexico City easier

Mexico City saw foreign demand push the equity market higher at the opening, but the rise was not sustained by mid-session. At midday the IPC index was off 8.63 at 3,242.16. Brokers had said earlier that foreign institutions had been buying the market following the release of satisfactory domestic inflation data.

South African industrials rise

Industrials received encouragement from the release of US consumer price data, while gold shares only managed a marginal rise as the price of bullion stayed steady. The overall index added 50.2 at 8,844.3, the industrials index gained 81.5 or 1 per cent at 7,994.9 and the golds

EUROPE Renault shares fall as Paris bourse gains ground

The publication of US consumer price data during the afternoon lifted PARIS, but there was also a stream of corporate news to keep investors interested. The CAC-40 index rose 21.23 to 2,122.08 in good turnover of FF5.2bn.

Canal Plus, the pay television group, climbed FF19 to FF12.34 on an 8 per cent rise in first-quarter sales; the company also said the number of subscribers in the first quarter of 1996 had risen by more than 13 per cent.

Renault, however, dropped FF1.90 to FF418 on the government's plan to reduce its stake in the vehicle manufacturer from 51 per cent to 46 per cent. The state said this would be done through a private placement, rather than a share issue, and some analysts thought the placement would be at a discount to the current market price.

Docks de France, the retailer, lost FF118 or 11 per cent to FF981 as Auchan, the privately owned hypermarket operator, said it had taken an

ASIA PACIFIC Bargain hunters move in Tokyo, Bombay up 1.6%

The overnight rally on Wall Street and a decline in short term interest rates lifted investor sentiment and share prices closed moderately higher on bargain hunting, writes Emiko Terazono in Tokyo.

The Nikkei 225 average rose 129.23 to 21,301.05 after moving between 21,174.24 and 21,311.39. An improved outlook for short term rates helped the futures market, prompting technical buying. In the afternoon session, domestic institutions chased large blue chips.

Volume, however, totalled 291m shares against 356m as overseas investors who had been inactive over the previous few days stayed on the sidelines. Traders expected foreigners, who led the market's rally at the beginning of this year, to have turned net sellers for the first time in six months.

The Topix index of all first section stocks rose 8.91 to 1,632.01 and the Nikkei 300 by 2.25 to 306.38. But losers led gainers by 530 to 514, with 191 issues unchanged.

In London the ISE/Nikkei 50 index put on 1.66 at 1,436.69. Oil refiners and distributors were bought on steadily earlier oil prices. Nippon Oil rose Y14 to Y714 and Showa Shell Sekiyu added Y9 to Y1130.

High-technology stocks, sold recently on sluggish US demand for semiconductors, gained ground. Industry analysts said that most stocks seemed to have discounted the earnings weakness expected during the next business year.

The projected profit decline at Tokyo Electron for the year to March 1996 has been discounted in its share price, said an analyst at a UK broker. Hitachi moved ahead Y30 to Y1,090, Toshiba Y7 to Y734 and Sony Y10 to Y6.680.

Retail shares were higher on hopes of a continued recovery in personal consumption. Isetan gained Y39 at Y1,530 and Takashimaya Y10 at Y1,750.

Large steels and shipbuilders were up on buying by domestic investors. Nippon Steel rose Y3

Table with columns: FT-SE Actuaries Share Indices, May 14, May 13, May 10, May 9, May 8, May 7. Rows: FT-SE 100, FT-SE 250, FT-SE Europe 200.

Table with columns: THE EUROPEAN SERIES, May 14, May 13, May 10, May 9, May 8, May 7. Rows: DAX, CAC 40, Nikkei 225, Hang Seng, ASX 200, S&P 500, FTSE 100.

11 per cent stake, effectively blocking any hostile takeover bid for the quoted group. Elifage, the construction group, was suspended temporarily, limit down during the day as doubts surfaced about its 1995 property provisions.

Individual themes moved both stocks and sectors, said Mr Hans-Peter Wodniok of Credit Lyonnais in Frankfurt. Adidas anticipated big product exposure, both in the forthcoming Olympics and in the Euro-

The AEX index rose 2.24 to 567.91. Royal Dutch rose FI 5.10 to FI 255.40, some brokers citing follow-through enthusiasm following the oil group's better than expected first-quarter earnings last week.

ZURICH found support in the US economic data and the view that some stocks had been oversold, and the SMI index picked up 34.6 to 3,821.4.

A SFR6.25 rise in SBC to SFR238.75 was attributed to analysts' recommendations, while Baliseo, the insurer, added SFR5 at SFR2,840, profiting from unconfirmed takeover speculation.

Esac, which makes specialised equipment for the semiconductor industry, climbed SFR6 to SFR4,775 on a 71 per cent rise in group net profits.

The shares were among last year's star performers, rising more than 250 per cent in the seven months to January 8, when they stood at SFR5,825.

OSLO was dominated by the listing of the demerged energy and drug companies Haldund and Nycomed. Haldund made a better price than expected, at NKR56.50 and NKR49 respectively.

AMSTERDAM featured an 11 per cent rise in sales for Ahold, the supermarket operator, during the first four months of the year, and the shares moved ahead FI 1.60 to FI 57.40. There was also an upgrade on the stock from J.P. Morgan.

expectations that the deal would improve the management of the companies. Hani Synthetice Fiber, the flagship of Hani Group, rose Won430 to its daily limit of Won7,740.

South Korea Share prices relative to the Korea Composite. Woosung, Haeil.

performance by shares involved in the Hani Group's takeover of the debt-ridden Woosung Construction, on

expectations that the deal would improve the management of the companies. Hani Synthetice Fiber, the flagship of Hani Group, rose Won430 to its daily limit of Won7,740.

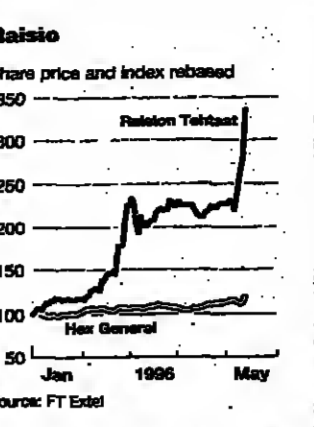
Foreign institutional investors were selective buyers. SBI rose Rs12 or 4.3 per cent to Rs281.50 and Reliance by Rs7 or 2.8 per cent to Rs255.

HONG KONG was solidly firmer, with the Hang Seng index adding 71.88 to 10,517.88 in turnover of HK\$4.3bn.

Banks again performed strongly on the US long bond yield's continued dip. HSBC gained 50 cents at HK\$113.50, Hang Seng Bank HK\$1.50 at HK\$79.25 and Bank of East Asia 20 cents at HK\$25.95.

Guangshen Railway, the twentieth mainland China company to be listed in Hong Kong, ended its maiden session at HK\$3.125, against the issue price of HK\$2.91, after a heavy dry start.

SEOUL saw a sharply higher



back to 1993 in early trade before picking up to finish 14.1 higher at 1,969.1. MADRID was relatively flat, the general index closing just 0.48 higher at 357.10. One reason was a Pta135 fall to Pta4,415 in Repsol, the oil major, on disappointing results and government plans to sell a 10 per cent stake.

WARSAW fell for the third consecutive session, the big index closing off 1.8 per cent at 12,500. Espebeke, the construction group, slid 10 per cent on the beginning of its debt restructuring proceedings.

Elsewhere in the sector, Elektromontaz Export and KPBP Bick started trading on the main market, having transferred from the secondary market, and showed respective falls of 4.8 and 4.9 per cent.

SINGAPORE was dragged lower by leading property stocks, depressed by speculation that the government planned property credit restrictions. The Straits Times Industrial index slid 20.29 to 2,265.17.

Leading losers among properties included Wing Tai, down 12 cents to S\$3.48, City Developments, 10 cents cheaper at S\$11.80, and Malayan Credit, 7 cents lower at S\$2.79.

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Table titled 'FT/S&P ACTUARIES WORLD INDICES'. Columns: REGIONAL MARKETS, MONDAY MAY 13 1996, FRIDAY MAY 10 1996, DOLLAR INDEX. Rows: Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Netherlands, New Zealand, Norway, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA.